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From the

Managing Editor



Excellent pedigree, low maintenance, and great with children.

News flash: history tops hockey

When I was in high school, the head of the history department, an erupt Brit, was fond of boasting that he had never taught Canadian history, and never would, because in his considered opinion, "Canada does not have a history worth teaching." Being young and stupid, we students marveled his condescension for us. But he was dead wrong. The evidence is right in front of our eyes on Sunday nights when the CBC airs its magnificient, 16-part documentary series *Canada: A People's History*. The series proves conclusively that preserved intelligently, Canadian history is enthralling.

Even Mark Steynowicz, as brilliant producer, is amazed by the way the show has captured the imagination of Canadians. An average of 3.4 million of us tune in to each two-hour instalment. That's twice the size of the audience for *Hockey Night in Canada* on Sundays and three times that for Peter Mansbridge at 10 on week nights. Or, to look at it another way, in CBC history only two programs have ever drawn more viewers on Sunday night: *Alice's Green Gables* and the *City Cup*.

Why the sudden interest in Canadian history? Well, actually, it isn't sudden. The interest has been there for a long time; it's simply been unorganized and untrapped. The pollsters at Envirodata Research Group surprised even themselves when they conducted a survey two years ago on the



John A. Macdonald, a series winner

the newsroom, those shows have generated a huge response from our readers, who clearly hunger to know more about our past—Yes, Canada has a history that is very much worth teaching—and learning.

Jeffery St. John
Managing Editor

Newsroom Notes

Funds of knowledge



Morningstar (left), St. John, Woodard, Rabin

Even more than most years, this RRSP season is a confusing time for investors. Markets are in a rut, companies are lowering forecasts. So what's an investor to do? Our suggestion: consider that use of *Morningstar*. For the fifth year, the magazine's financial team has assembled comprehensive listings of the best and most performing mutual funds, in association with Toronto-based Morningstar Research Inc.

Along with another acquisition, Portfolio Analysis Ltd. of Toronto. This year's tables were compiled by Chief of Research Pamela Tingle. National Business Correspondent Katherine MacLean interviewed industry sources for the main story (page 30). She joined Assistant Managing Editor Bernice Woodard, who oversaw the package, for a lively panel discussion with financial experts Jeffrey Rubin of Worldwide Markets, Wendy Brodsky of Goodman International Investments and Eric Kusmer of the University of Toronto. The cover was designed by Acting Art Director Giselle Schwartz.

Last year, Morningstar's U.S. parent bought BellChase Inc., the Toronto company that had produced the best-and-worst data in previous years, and



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Dr. Alex Chan of Cranbrook, B.C.:
more of us will not help rural doctors

Making doctors

The supply and distribution of physicians in Canada is indeed a problem. The solution will be complex, multi-faceted and expensive and will include providing additional seats for undergraduate medical students as noted in your article "The breaking point" (Cover, Jan. 10). And there is scant evidence to support that doing more of the same in the same places will help with shortages in rural Canada. But there is a growing body of evidence that supports the effectiveness of a regionally based, distributed model of medical education. That is the premise of the proposed Northern Ontario rural medical school to be co-located at Lakehead University in Thunder Bay and Laurentian University in Sudbury, with its learners distributed across Northern Ontario. Put rea-

Singing in harmony

Laympathize with Al Poore and Max Golden in their frustrating dealings with Heritage Canada over trying to improve the quality of our national anthem ("O Canada," *Ottawa, Jan. 10). I tried three times to obtain the music for a four-part harmony version of *O Canada* from Heritage Canada. I never succeeded, though they did send me a copy of the melody, a beauty of an anthem and a poor-quality CD version. I finally found the desired version of the music in the United Church hymnal I wanted the music because, here in Denver, Colo., we have a 60-voice choir of American and Canadian churchgoers, and we sing both national anthems before each meeting of our members. We now sing *O Canada* in four-part harmony. It sounds fantastic and our American friends are amazed (and envious) at what a beautiful anthem we have.*

Simon West, Denver, Colo. (Clayton, Ont.)

Medical Association in 1942. They were damaged to avoid the subsidization of medical care caused by the Depression when Prairie incomes dropped by as much as 40 per cent. Jurisdictional agreements over control of health care were started by Tommy Douglas in 1946.

Dr. Robert Lampard, *Medical News*, Health Services, Maher Services, Red Deer Alta.

Homes not Olympics

It is disgusting that homelessness in this country is only viewed as a problem when it intrudes in the way of government profit ("Life in 'Lone City,'" "

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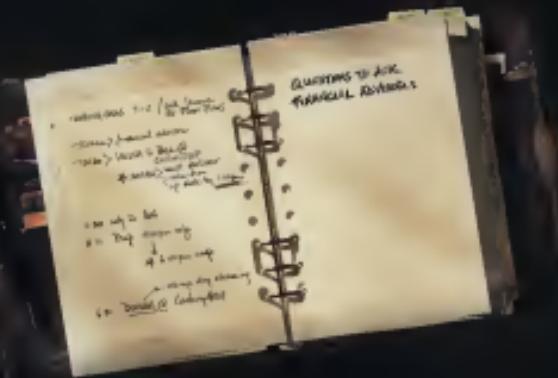
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Overture

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Edited by Anthony Wilson-Smith
with Shonda Diesel

OVER AND UNDER ACHIEVERS

That's Montreal, U.S.A.!

Now you can see the GG send love that doesn't speak its native! Hockey's most famous francophone—let *Americaine de Montréal*! And life on the same love with *œuf-MP*!

• **Stephewell Day:** Tried unsuccessfully to suppress news that evidence of his legal troubles cost Alberta taxpayers almost \$800,000. Say, silence really is golden!

• **Alisa Christie:** The PM's wife gave honorary diplomas from Royal Conservatory of Music. Her next foray: teaching her husband how to go out on a high note.

• **The Montreal Canadiens:** Now out in name only.

• **Achievee Christie:** So we know that Canada's head of state will send her wishes in French for a wedding invite. She'll just not allow it to work couple a gay-aid line.

• **Former MP:** New report says public life is tough on marriage and future career prospects—but most would do it all again. You can run and you can hide.

• **Our redesigned sidebar:** The new \$10 bill is supposed to promote national unity. A better idea would be a loon watch more than 70% (U.S.).



Greyeyes, after ballet school, there was no looking back

OVERHEARD

Cowboy and Indians

Michael Greyeyes, a Plains Cree from Qu'Appelle Valley, Saskatchewan, was the first aboriginal boy—then age 10—accepted into the prestigious National Ballet School in Toronto, in 1977. After graduating in 1987, he spent three years with the company before leaving for New York City to join the Eliot Feld Ballet. In 1993, he began acting. Greyeyes, now 33, talked to Maclean's Reporter Catherine Roberts about his journey to Hollywood.

I really wasn't interested in dancing. My older sister, Phyllis, was raising lessons and I had to wait with my mother for her to finish. I decided I might as well take lessons, too. It was Phyllis who decided to apply to National Ballet School. I never knew that Phyllis had put an application in for both of us. It was her decision, so it was only hard when I got in and she didn't.

My mother remembered the loneliness of being at a residential school in Saskatchewan, away from her family, and vowed never to let that happen to her children. So my parents both took a leave of absence from their jobs to join me. After I was accepted to the school full time, they moved permanently to Toronto. No one has ever gone back.

Not the Oscars, but not bad at all

In the struggle to make the Canadian film industry as glamorous as its Hollywood counterpart, this year the Genie Awards will give presents high-end gift baskets. The Academy Awards began passing out baskets stuffed with the latest in luxury and electronic snazzy back in 1988. Last year's version included a \$1,375 David Yurman chime bracelet, \$398 Bally men's Havana loafers and a \$1,650 beaded pouch-



man's shear from Pamela Dennis. While the Genies can't match the exorbitant \$15,000 price tag of the Oscar basket, these items will still be welcome.

• TAG Heuer watch	\$1,600
• Banana Republic raspberry dove	\$498
• Mont Blanc Bohème bracelet pen	\$215
• M.A.C. Cosmetic gift box	\$250
• Flûte-Soho perfume	\$255
• Armaf perfume	\$255
• Elieyn & Co. Hampton champagne flutes (2)	\$130
• Ray Ban aviator sunglasses	\$118
• Chanel deluxe perfume set	\$100
• Louis Vuitton City Guide	\$98
• Kodak Advantix camera	\$75
• Gift certificate, the Spa at Windsor Arms Hotel	\$50
• Godiva chocolates	\$25
TOTAL:	\$3,292

B. DIGITAL MIRAGE

Out of the Web, a mystery is solved

A digital camera, the Internet and a helpful stranger on the other side of the Atlantic Ocean recently helped solve an 82-year-old mystery for a Canadian family. Don Dulefrage, 56, of Prince Edward County, Ont., was immediately intrigued when, at age 9, he saw a picture in his grandfather's home of an unknown relative dressed in a military uniform. He didn't ask for details then, but decades later he learned that the man, who bore what the family calls "the Dulefrage Surname," was his great-uncle Hubert, who was married in France shortly before the end of the First World War. But, says Dulefrage, the family "never knew where he was buried, or where he was killed."

Like November, Dulefrage's wife, Linda, returned from a meeting of a local women's group to which one of the members had brought a 1919 edition of *The Paris Gazette*. It had a photo of great-uncle Hubert.



Dulefrage (front, second from left) was shown where his dad, or day, was buried.

Deek Chisolm

and, listed Sept. 3, 1918, as the date on which he had been killed. That led Dulefrage to begin a new search of the Canadian Archives Web site (www.collectionscanada.ca), where he discovered a page on the War Graves commission that listed where Hubert's body lay. Then, Dulefrage, a mechanic and amateurish writer, took a shot in the dark and posted on the Internet his dad had concluded to a website owned in France that he had recently made via the Internet.

The man, Eric Gosselaars, spoke little English, while Dulefrage speaks a bit of French; they managed to exchange details with the help of a human on the federal-government archives site that translates between English and French. It turned out that Gosselaars lived 50 km from the battle site, the Dury Mill Memorial Cemetery near Puis-de-Cais. Two hours later, Dulefrage checked his e-mail to find a digital photograph of the grave. "Joyce Noel, was an angel," read the message, said Dulefrage. "The guy had driven up there and found the grave and took a picture. Eighty-two years we never knew where he was. One o'er-ead, one shot. I just couldn't believe it."



Photo: AP

OVERTURES

"Canadians should be able to expect the Governor General to respect and uphold their basic values and laws."

—Bishop Gerald Wiesner, president of the Canadian Conference of Catholic Bishops, comments in a letter to Gov. Gen. Adrienne Clarkson about an e-mail the saint respecting best wishes to a male couple about to marry the couple had made her to the wedding.

"[The Governor General's] mail service here wishes in the same courteous way it would to anyone who had invited the Governor General to an event of personal importance to his or her personal life."

—Stanley Wheeler, post-security to Clarkson, responds. Clarkson's office said her letter was a "polite response" and not a political statement.

"Bags can fall off carts in the airport. We try to ensure it doesn't happen. However, it can."

—Laurie Geltle, Air Canada spokesman, discusses an incident videotaped by a passenger in which staff repeatedly cleared around luggage before they a luggage cart without picking it up.

Overture

PASSAGES

Died: Sportswriter Jim Coleman refused to retire, so at 89, he still writes a daily column—on a typewriter—for *The Province* in Vancouver. The Winnipeg-born Coleman, renowned for his dapper dress style, ever-present cigar and encyclopedic memory, began his career at *The Winnipeg Tribune* in 1931. He later wrote for *The Edmonton Journal*, *Edmonton Bulletin*, *The Canadian Press*, *The Globe and Mail* and the *Saskatoon Star*. The son of a Canadian Pacific Railway president, Coleman also spent years working at railroads. He died in a Vancouver hospital while recovering from hip surgery.



Died: For the past year, actor Michael Cuccione, 16, of Vancouver, was known as "the star on" the MTV boy-band show *It's My Life*. At age 9, Cuccione was diagnosed with Hodgkin's disease. In 1994, he set up a foundation, which has raised \$500,000 to date, for the B.C. Children's Hospital. In 1999, he guest-starred as a cancer patient on *Baywatch* after he met the show's star David Hasselhoff. Cuccione had overcome cancer twice, but the treatments left him in a weakened state. He died in a Vancouver hospital.

Died: Acclaimed Canadian stage, film and television actor Al Waxman, 65, from complications following heart-bypass surgery (page 59).

Died: During his career, comic British writer Auberon Waugh, 61, contrib-

uted to *The Spectator*, *Private Eye*, *New Statesman* and founded *The Laundry Service*. His first book, *The Flawless Sausage* (1966), was compared unfavourably to the work of his father—the famous novelist Evelyn Waugh. Later, Auberon Waugh became known for what *The Guardian* newspaper described as "the acidic personality which made him the most verbally broad journalist of his age." At the same time, the paper noted, those qualities contrasted sharply with his "personal gruffness." Waugh, who had a history of heart problems, died in his sleep in Somerton, England.

Awarded: Alice Christie, 64, will receive an honorary diploma from the Royal Conservatory of Music in Toronto. The Prime Minister's wife completed her Grade 6 piano certificate two years ago and is described by the conservatory as "an intermediate player and a pretty good one." Alice Christie has recently taken up the crombone—which she played in a young man-

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Anthony Wilson-Smith

What Liberals won't admit

One day last summer, Jean Charest had lunch at a friend's house in Quebec's Eastern Townships. The Quebec Liberal leader was, one handmaiden recalls, in an ebullient mood. After a while, the conversation turned to what-if—such as what might happen if Charest were to become premier, and Paul Martin became prime minister. Charest spoke warmly of Martin, describing him as someone much more in tune with mainstream public opinion in Quebec than Jean Charest. As premier, Charest said, he would urge Prime Minister Martin to open constitutional talks with Quebec—and to do so quickly, because "if he doesn't do it while he's in his honeymoon period, the rest of the country won't have any patience after that."

Left unspoken was another scenario—what if Charest became premier, and Jean Charest is still PM, showing no sign of going anywhere? Last week, we saw the answer: As premier, Charest would table a list of constitutional demands—and the PM, as he made clear through his obfuscation on the subject, would shelve the proposal to the bottom of his in-tray. The story—Charest's name and the PM's inaction—fell off the main screen after a couple of days.

This serves as a reminder of a reality that federal Liberals don't like to admit: they are quite content to have a sovereign party in power in Quebec—just so long as it is in no danger of pushing this option too far. After all, a federal government in Quebec makes things so messy. The provincial Liberals have a long tradition of making bizarre, impossible-to-fulfill constitutional demands, as Charest has just done, and they sit up other provinces by constantly leading a push for dissolution of power. Charest is a pal of Ralph Klein, and who in Ottawa likes the prospect of Quebec and Alberta forming a strategic alliance? It's bad enough that Western premiers are now considering a summit to discuss feelings of alienation; if Quebec and the bilinguals, Mfie Martin, Ontario, Iannaccone, and the rest, suddenly the PM could face a full-blown premier's spring.

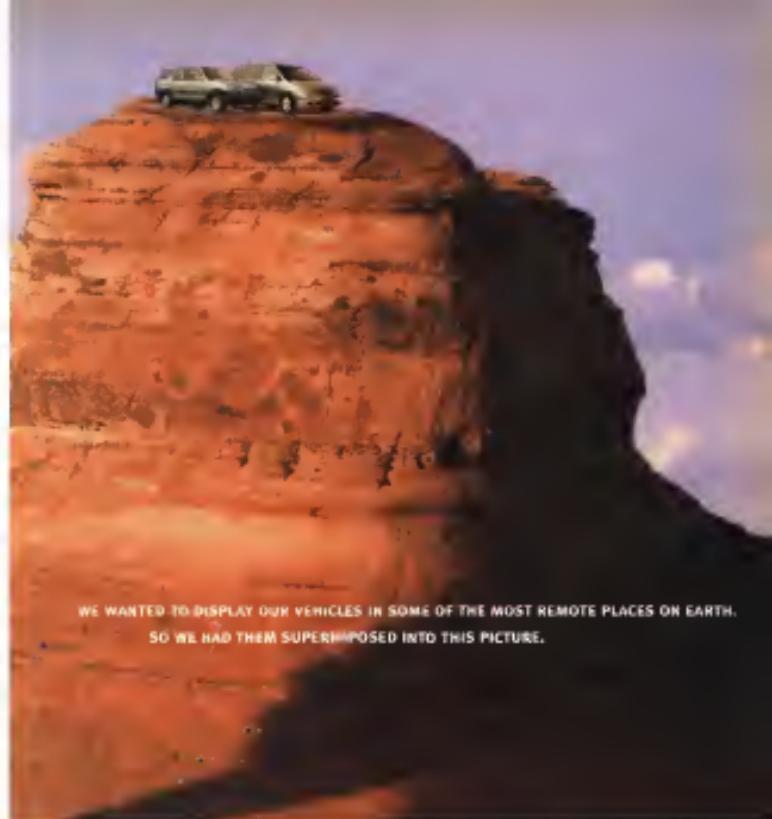
On the other hand, relations between the federal Libs and the Parti Québécois are, well, ugly. There's no need for talk about changing the Constitution, because secessionists want no part of it. PQ members maintain cordial but cool relations with their counterparts in other provinces, as they seldom play a leading role in many initiatives. When federal-provincial talk on various issues fail, the feds can always blame the PQ for torpedoing things. And the prospect of another referendum,

however distant, allows the Libs to remind voters that they're the most-trusted party on national unity issues. Some apportionists believe the Libs have, on occasion, gone out of their way to help the PQ at election time. In 1994, for example, just as then-premier Daniel Johnson was preparing for an election, the federal Liberals made a surprise decision to close Collège militaire royal de St-Jean-sur-Richelieu. CMB had been created to counter anti-francophone prejudices in the military, and the decision caused an uproar that contributed to Johnson's defeat in the election.

In fact, on that occasion, the Libs simply mirrored the state of public opinion—and their later efforts to rectify matters were not aided by foot-dragging from Johnson's people. But that just reaches the same lesson of realpolitik: anyone responsible for anything fail between federalists in Ottawa and Quebec City, those efforts will be cast by sovereignists as proof that the system doesn't work. So on issues like constitutional reform, a mind-set develops that it's better to not try at all than to try and be seen to fail.

The attitude drives Liberals in Quebec City, in a carefully concealed way. If they complain too loudly about Oshawa's resurgence, they aid the secessionists—but if they don't complain at all, they're seen as the PM's lapdogs. Still, unshy federalists in Quebec are better off than grumbling people in Western Canada, at least the PM pays attention to the former, while appearing oblivious to concerns of the latter. The striking thing on both fronts is that the Libs have indeed in recent memory been better-placed to reach out and ride down across. They have a strong majority, a new mandate, and every other party in the House of Commons is in disarray. The Alliance, NDP, and Conservatives all face leadership questions, and the meltdown within the PQ caused by Lucien Bouchard's resignation will preoccupy the Bloc Québécois for some time to come.

In fact, the PM is likely the one person in federal politics who could try to bring Quebec into the constitutional fold without being vilified in English Canada. think here of the old observation that only Nixon could have gone to China to improve relations. Martin, if he ever becomes PM, will arouse great hopes in Quebec—which will be enough to evoke equal suspicion in the rest of the country. Different formula, same frustrating result. No wonder the Quebec sovereignty movement sometimes fails but never dies: in existence in too concentrated for too many people.



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Taking the Heat

By John Geddes in Ottawa

Stockwell Day has not made a habit in his short career of fractious politics of drawing parallels between himself and Jean Chretien, or poisoning our lessons for the Canadian Alliance might learn from the Prime Minister's Liberals. But last week, Day did both those things in the space of a few telling sentences. Asked at a news conference about Chretien weighing over his leadership since the party's disappointing showing in the fall election, he observed that even Chretien—the guy who was biggest such questions just two days after the vote. That sort of repudiating, Day said, is just "part and parcel" of running a party. But he made a point of adding that at least the Liberal-leaning really keep such squabbles behind closed doors, aside from the old political flailing between the Chretien and Paul Martin camps. "They've learned over time to discuss those things in-house," Day said approvingly.

It's no wonder if Day casts an envious glance now and then over at the Liberals. When the House of Commons resumes sitting next week, a speech from the throne will lay out the agenda for a government over which Chretien is the undisputed boss—even though Liberals are sharply divided over what broad direction he should set. Day, by contrast, must struggle to satisfy his grip on the official Opposition. His failure to make an election breakthrough in Ontario last fall opened the floodgates to a steady flow of criticism inside the Alliance about the way he campaigned. To make matters much worse, the Alberta government disclosed last week that it had to spend \$792,064 to settle a *defamation* lawsuit filed against Day when he was still in provincial politics. That left the self-proclaimed champion of the taxpayer in an embarrassing position, and revived old questions about his judgment. "It took taxpayer money to settle what was an inexcusable lapse in Day's part," said University of Lethbridge political science professor Harold Jansen

"He's got to try to move past it, but the damage is done."

The best way to contain that damage—and maybe the only way to close rifts—would be to prove he can make life better for Chretien. But whether Day has his party in shape to perform impressively in opposition is open to question. He has recently dumped several communications and key policy officials, and severed ties with the advertising agency the Alliance used during the election. While there are sure signs he won't hesitate to renege on a promise enough to require at least a partial ousting of his core team, some insiders say Day has not gone far enough. They argue that he has never really arrived at a reconciliation with party heavyweights who opposed him in last spring's leadership race—and now he badly needs their skills. Prestonian on that list: strategist Rick Anderson, who supported former Reform leader Preston Manning over Day, and Ontario Tory backroom operator Tom Long, who ran for the top job himself.

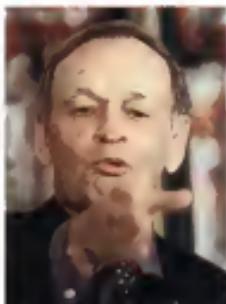
Still, those watching for indications that Day can ease the party's internal animosities take hope from his recent choice of Ian Todd, a long-time Manning aide and confidant, as his chief of staff. "It's a very big fan of [that]," said Thompson MacDonald, a Manning loyalist from Calgary who sits on the Alberta national council. "His appointment is clearly a reaching-out bridge-building kind of move."

While Day may be willing to make changes, he is hardly in a corner mood. Far from accepting the election results as an unadulterated disaster, he rhymed off signs of progress at late-week news conference—from hosting the party's van in the Atlantic provinces and Quebec, to raising more money—plus further in Ontario ridings than Reform did in 1997. He seemed to blame any significant shortcomings in his campaign entirely on Chretien's decision to call a snap fall vote instead of waiting, as was widely expected, until next spring. "I had been leader for 35 days when the election was called," Day



Day, Chretien (opposite) question about leadership and an Alberta lawyer

Stockwell Day comes under increasing fire from members of his Alliance party



Chretien

and "Jean Chretien was probably smart to call it early."

As for the lawsuit, Day expressed deep regret about the case to Alberta taxpayers, but not over what he did to incur them. He was sued by Lorne Goddard, an Alberta elementary school trustee, over a letter to the editor that Day, who was then an Alberta cabinet minister, wrote to the *Red Deer Advocate* in April, 1999. Day conceded Goddard had for the day detained a prepubescent accuser of possessing child pornography. The out-of-court settlement reached on Dec. 12 was paid out of a provincial insurance fund that protects MLAs from lawsuits that arise in the course of their work. Goddard got just \$60,000 in damages, while \$255,000 went for his legal fees and other costs. \$474,000 to pay Day's lawyers and \$3,900 to cover Alberta justice ministry legal costs. "In sorry the way it's turned out," Day allowed, al-

though he doggedly added that "the principles I addressed in the letter are very important principles." But Day appeared shaken by Alberta Premier Ralph Klein's suggestion last in the week that he should have paid some of the tab.

One politician who might admire Day's conservative, enterpreneurial style under pressure is Chretien. Whether the issue of the day was his failure to make good on the 1993 promise to get rid of the GST, or any controversy from the telecommunications development spending debate so the way federal money has flowed into his own riding, Chretien has been at best grudging, if anything, regret. But then, Chretien has sold out the rough patches largely by giving his party what it most wants: majority election victories. The difference between Day's struggle to bind together the Alliance and Chretien's easier task in keeping Liberal entrepreneurial squabbling to a minimum is as stark as the contrast between losing and winning.

Yet there is this similarity: both leaders will return to the House more preoccupied with managing their parties than outbidding each other. For Chretien, the challenge is again to balance off the competing camps that have come to largely define his party. On one hand, the so-called economic wing wants raise tax cuts and emphasis on financing the high-tech economy. On the other, the so-called social Liberals want the focus on priorities like early-childhood development. MP John Godfrey, who chairs the social caucus, points to "a tremendous disengagement" between the big tax reductions in Martin's fall economic update and the comparatively

steep spending so far on children's programs. But MP Tony Valeri, who chairs the caucus economic development committee, insists (quoting Liberal) "view the tax package to date as the least we can do, not the most."

How does Chretien see it? His post-election meetings have soured sympathy to the social policy camp. He has said Liberals are "preoccupied" with issues like child poverty and the problems of aboriginal communities. Liberal insiders predict a dour speech that hints at those themes, but also tests the government's intention to spur the growth of the new New Economy. What Liberal insiders are not predicting are any grand admissions from Chretien, the past master of low-key, incremental government. Listen to it, Day, who badly needs to give his troops new reason to fall line behind him, to make the bold, risky gestures.



At least a decade behind bars

After seven years of uncertainty, the reality hit Robert Latimer with the finality of a prison gate closing shut. The Supreme Court of Canada, in a unanimous 7 to 0 decision, ruled last week he must serve at least 10 years in prison for killing his severely disabled daughter in 1993. The court had only turned down his appeal for a new (in this case a third) trial, but also firmly rejected his lawyer's argument that the maximum sentence for second-degree murder—life imprisonment with no possibility of parole for at least 10 years—constituted “cruel and unusual punishment” in Latimer's extraordinary circumstances. Speaking to reporters outside his Wilcox, Sask., farmhouse, an unrepentant Latimer struggled with emotions that surged from anger to bewilderment. “I’m going to jail,” he said, glancing then, with his wife, Lura, he got in his station wagon and drove to Saskatoon to surrender to police.

But the waters surrounding the Latimer case are far from resolved. While the Supreme Court’s unambiguous ruling closed one door to his quest for legal

parole for what he believes to have been an act of compassion, it also pointed in others. Acknowledging Latimer’s anguish as he watched the suffering of his 13-year-old daughter, Tracy, before deciding to end her life, the court took the unusual step of offering two avenues for relief. Latimer could ask the federal cabinet for a com-



Latimer’s last chances for earlier release appear slim

passional pardon under the rarely used royal prerogative of mercy. Or Parliament, if it chooses, could address the controversial issue of mandatory minimum sentences. Latimer “faced challenges of the sort most Canadians can only imagine,” said the clearly sympathetic justices.

Latimer’s lawyer, Mark Brophy, said he would seek a pardon for his client. But Latimer has hope, although dim,

Leaving his farm as never before' in Tracy (below). You going to jail?

may be in a charge of the law. Bruce Ryden, a professor at Osgoode Hall law school in Toronto, noted that clemency is rarely offered, and then only in cases involving a serious miscarriage of justice. The Supreme Court all but precluded that option, he added, by ruling that Latimer’s sentence “is not grossly disproportionate.” To Ryden, the real issue is mandatory sentences, which have the effect of treating Latimer the same as a person who held up a gas station and killed the attendant. “The law,” he said, “must be changed to allow for compassionate homicide.”

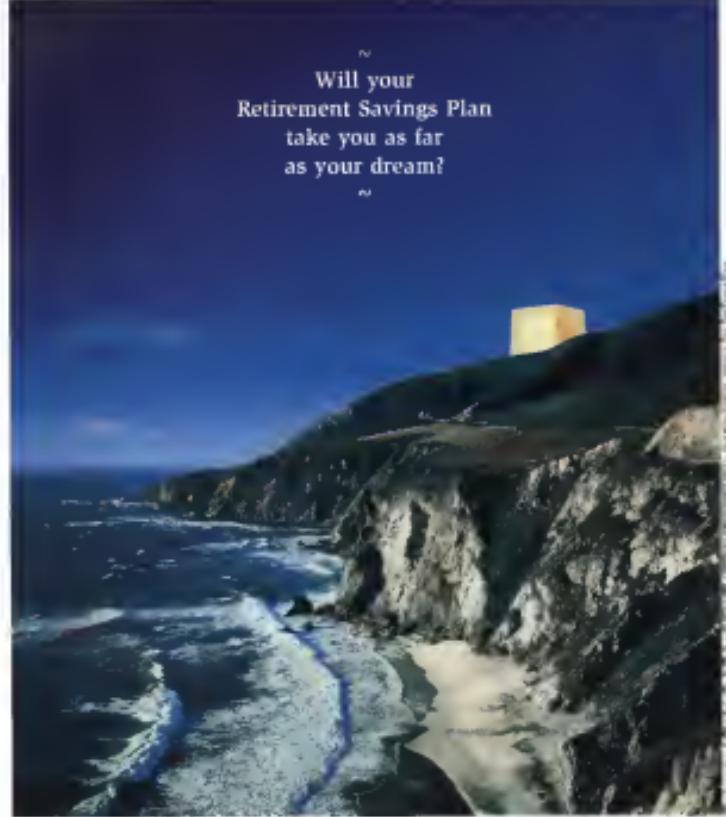
By all accounts, Latimer had been a loving father to Tracy, a quadriplegic who appeared to be in constant pain from a severe form of cerebral palsy. In October, 1993, after learning Tracy needed an operation to cut off the top of her right leg bone, Latimer ended her life by placing her in his Chevy pickup and filling it with carbon monoxide fumes. “This was a murder of love, not hate, for selfless reasons, not selfish,” observed Alan Borovoy of the Canadian Civil Liberties Association, who considers Latimer’s sentence disproportionate to his deed.

But a group of advocates for the disabled who gathered at the Supreme Court were vastly relieved by the ruling. And the government offered Latimer little hope of early release. A spokeswoman for Justice Minister Anne McLellan said there were no plans to create a third category of murder—beyond first- and second-degree—for so-called compassionate homicide. As for conditional pardons, only nine have granted only 16 of them in the past 20 years—out of 633 applications. Before turning himself in, Latimer seemed resigned to spending at least 10 years behind bars. “The patriots,” he said, “won’t touch that with a 10-foot pole.” Asked if he would do it again, he simply replied: “Yes.”

Julian Barnes in Ottawa

Should Latimer be granted another pardon? To have your say up and let us know.

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The great bus robbery

In a daring strike, three armed men robbed a busload of people heading for a night of gambling at Ontario Casino Rama near Orillia, 15 km north of Toronto. The thieves, who boarded the bus posing as passengers, patrol-whipped the bus driver and three passengers before escaping.

Child sex and a former MLA

Former Social Credit MLA George Kester were on trial in B.C. Supreme Court on charges of trying to obtain the sexual services of a minor. Kester had admitted that he agreed over the Internet to pay for sex with an 11-year-old girl. But his lawyer argued that because the transaction was a police sting on the Internet and the girl did not exist, Kester, 63, is not guilty of a crime.

Sydney Steel woes

The Nova Scotia government pulled the plug on efforts to revere the ailing Sydney Steel company in Cape Breton. Economic Development Minister Gordon Baker sold about 300 bitter steelworkers gathered at a union hall in Sydney that Duluth, the Swiss-based company that considered buying the steel mill, pulled out of the deal because "it's unfeasible for them."

Turning to the right

Under a pilot project, driven in 26 Quebec municipalities will be allowed to earn right on a red light. Quebec has been one of the few jurisdictions in North America that prohibits such turns. After a year, the transportation department will assess the program to decide whether to expand the change across the province.

A furore over gay marriage

Ontario, including the Canadian Conference of Catholic Bishops, blessed Gov. Gen. Adrienne Clarkson's decision to send a congratulatory e-mail to a male couple married in a July 14 church service. Clarkson's office said the message was a standard reply to an e-mail inviting the Governor General to the service. The wedding, a double ceremony with a lesbian couple, is intended to challenge Canadian law on same-sex marriage.



Money's new look

The Bank of Canada, which redesigns its bills every 10 years to foil counterfeitors, unveiled its new \$10 note. Other denominations will be released in the next two years. The \$5 bill's owner has been reprimanded with a message to Canadian veterans and peacekeepers.

Echoes of the Meech accord

Reactions were cool to a proposal by Quebec Liberal Leader Jean Charest to revisit the question of extending the concept of Quebec as a distinct society in the Constitution.

While Charest did not use the controversial words that appeared in the ill-fated Meech Lake accord, which died in 1990, he did suggest that his home province's "specificity" be recognized, acknowledging that such a move could mean putting the proposed changes to a national referendum. But Prime Minister Jean Chretien, in Jamaica for a trade conference, said "there is no a

great desire on my part to discuss the Constitution at this time." He did, however, leave the door open for talks should Chretien's Liberals come to power in the present election expected within two years.

Members of Quebec's governing Parti Quebecois were aghast at Charest's suggestion—even if they began proceedings to pick a successor to outgoing Premier Lucien Bouchard. Deputy premier and Finance Minister Bernard Landry remains the unofficial front-runner, as more and more PQ cabinet ministers decline their support. At the last week, Landry had not yet swayed his colleagues, although some sources said he may clinch his candidacy in early in this week.

No A's for Canada's drinking water

A report of last May's deadly Walkerton, Ont., is precisely inevitable, the Vancouver-based Sierra Legal Defence Fund warned in a province-by-province survey of drinking-water regulations. "In the absence of a comprehensive, cross-country approach to protecting drinking water, more tragedies almost certainly await us," reads *Worst-Case Drinking Water Report Card*. Prince Edward Island received the lowest rating, an E in part because it has no bonding requirements for testing or treatment and rarely discloses its water. Ontario, Quebec and Alberta received the highest grade, B. But, the environmental organization noted, without the sweeping changes Ontario imposed following the Walkerton disaster, which killed seven and made 2,500 ill, it would have earned a D.

A new president is inaugurated—but his political honeymoon is likely to be short

Bush Country

By Andrew Phillips in Washington

Much was familiar as George W. Bush became the 43rd President of the United States, yet so much was different. The well-practiced rituals surrounding the transfer of power in Washington were carefully observed—the oath of office dating back to George Washington's first inauguration in 1789, the ceremony on the steps of the imposing Capitol building, the parade up Pennsylvania Avenue to the White House. And, of course, inapertus words from the newly minted President himself, Bush, to whom eloquence has long been a strength, rose to the occasion, promising to bring “vitality, change, compassion and character” to his office, and to “build a single nation of justice and opportunity.”

These were the comforting words, but the contrast with earlier fresh beginnings was as easy to perceive. Inauguration day is traditionally a time for Americans to sit aside—or at least pretend to sit aside—their political division. Bush was granted no such respite. Not since the Vietnam War brought tens of thousands into the streets of Washington in 1973 did a

new president face such open opposition on Day 1 of his term, and never in living memory was so many people questioning the very legitimacy of his election. Under cold, drizzling skies, thousands of protesters made it clear that the disputed outcome of the presidential contest will cast a long shadow over Bush's surgery. The placards they carried spelled out their message: “King George—not elected”; “Judicial coup.” And, of course, “Hail to the thief.”

The man he replaced also loomed large over Bush's attempt at a new start. Outgoing presidents are supposed to sing gracefully aside, trifling their usual disdain for their successor and joining in the moment of national reconciliation. Bill Clinton, however, was true to form—dominating the stage to the last. In a farewell address to the nation, he in effect disowned Bush as a departing from his policies would endanger the prosperity of the 1990s. On inauguration eve, he struck a head-banging deal that gave him immunity from prosecution in exchange for admitting that he gave false testimony about his relationship with Monica Lewinsky. And even at the airplane that would fly him and his



Bush takes the oath as
daughter Jenna (center) and
wife Laura look on; protest

wife, the newly installed Senator Hillary Rodham Clinton, in New York City was warning up on the runway, he called leaders of his outgoing administration and all but announced his intention to be a continuing force in American politics. “I left the White House,” he said, “but I’m still here.”

In the days before Bush's inauguration, too, his opponents made it clear that they will try to use the modified election outcome to curb his power. For that, their chosen target was John Ashcroft, Bush's nominee attorney general. For much of last week, Democrats and liberal activists accused Ashcroft of every sin imaginable in an attempt to block his nomination. He is, they charged, anti-women, anti-environment and anti-gay. If not actually name at least morally ineptive. Arlen Specter, a moderate Republican senator from Pennsylvania, pored over the hearing record while Ashcroft's fate was being debated and said: “I haven’t seen such intensity in more than a decade.”

Ashcroft was on the hot seat, but the real target was Bush himself. In fact, Ashcroft's critics made it clear that their fierce opposition to him stemmed directly from the disputed election outcome. Many black voters, for instance, felt they were effectively disenfranchised by discriminatory and faulty voting procedures—and Ashcroft became the lightning rod for their frustration. Ashcroft, they charged, could not be trusted to enforce civil rights laws vigorously because he opposed a school desegregation plan in his home state of Missouri, blocked the appointment of a black judge to a federal court, and accepted an honorary degree from South Carolina's Bob Jones University when it still forbade interracial dating. “His actions are racist,” charged Maxine Waters, a black Democratic congresswoman from California.

Others pointed at Ashcroft's evangelical religious beliefs and his long record of opposition to abortion and gay marriage to argue that he was not the man to lead the administration. In part, their opposition stemmed from the wide powers that a U.S. attorney general exercises. In Canada, his responsibilities would be divided among at least three departments: justice, solicitor general and immigration. With such sensitive issues under his supervision, liberals argued that Ashcroft would be able to act apparently. “When you

have been such a zealous and impassioned advocate for saving,” New York Senator Charles Schumer noted him, “how do you just turn it off?”

Ashcroft himself fought back by promising to enforce all laws—even ones he disagrees with, such as a law requiring protection for women using federally funded abortion services. And, he said, he accepts the 1973 U.S. Supreme Court ruling giving women a constitutional right to abortion as “settled law.” “I understand,” he said, “that being attorney general means enforcing laws as they are written, not enforcing my own personal preferences.” Those promises will most likely be enough to win him confirmation. All 50 Republican senators pledged to support him, and so many in 10 or 12 Democrats are expected to back him when the full Senate votes on his nomination.

They may not be able to block Ashcroft, but Bush's opponents wanted to make it clear to the new President that his reelected mandate does not give him the right to wander from what they consider the middle ground of American politics. The public poll shows may be on their side. A survey of voters for The Washington Post and ABC News last week found that only 41 per cent believe that Bush has a mandate to implement the policies he proposed during the campaign, while 52 per cent think he should compromise.

So far, though, Bush has not yet intended to govern as if he won by a clear margin—instead of losing the overall popular vote to Al Gore and winning the electoral vote only after five weeks of legal wrangling in Florida. Asked by an interviewer what he says to those who argue he does not have a right to push his full agenda, Bush's answer was blunt: “Too bad.” In his inaugural address, he made it clear he intends to press ahead with some of the most controversial parts of his program—in particular his promise to introduce an across-the-board tax cut, amounting to \$1.3 trillion (U.S.) over 10 years.

It all amounts to an uncertain start for a new President already facing questions about his experience—and even his intelligence. To make matters worse, the economy is slowing so quickly that he has gone out of his way to advertise his priorities about its short-term prospects in a bid to blame the Clinton administration for a possible recession. And just as he takes office, swings of power blackouts in California are compounding the public's anxiety. It is an unhappy coincidence—and Bush's critics have made it clear that his political honeymoon is over before it ever started. ■



George Bush Sr. with Clinton
and Gore at their inauguration



Washington
Andrew Phillips

No more touchy-feely

Raymond Chretien, nephew of the Prime Minister, father-in-law to George W. Bush and "Giant Canadian" (as produced by this very magazine only last July), was never shy about who ran Canada's relations with the United States on his watch. He did. By his account, the man who was fastidious often monster during most of his tenure in Washington, Lloyd Axworthy, didn't have a big role in managing Canada's most important foreign relationship. "Frankly, Axworthy doesn't have anything to do with it," he told me shortly before he left last fall for his new post in Paris.

The night has worked for Chretien, with his unsteady personal pipeline to the top in Ottawa. But now there's a new man in charge at Canada's improving embassy on Pennsylvania Avenue (newer diplomat Michael Kergin) and a new foreign minister in Ottawa (John Manley). Right off the bat, Manley made it clear that the United States is his top priority. Axworthy's "human society" approach—causing an international ban on land mines and the creation of an international criminal court—will evidently take a back seat. In their place will be the less glorious work of tending to what he called the "uncomfortably important relationship for us" (that would be the \$1 billion worth of trade that crosses the Canada-U.S. border every day).

Manley gets a chance to check it out for himself this week when he comes to Washington for an un-dinner with George W. Bush's new secretary of state, the former general and career Axworthy man Colin Powell. It should be a good fit. If Manley is distancing himself from Axworthy's touchy-feely "soft power" thinking, the new administration is doing something quite similar.

The man of Bush foreign policy team much like a mirror of old pals from his father's administration: Powell, Dick Cheney, Condoleezza Rice, his choice as national security adviser, and Robert Zoellick, his nominee as trade representative. Add to that a veteran of the Ford administration, distinguished defense secretary Donald Rumsfeld. All have made it abundantly clear that they have little use for what they see as the fuzzy mission of U.S. policy as practiced by Bill Clinton and Madeleine Albright. Rice has written (in the journal *Foreign Affairs*) that Clinton's foreign policy emphasized vague "values" rather than concrete U.S. "interests." Doing good in

the world is fine, she says, but it should be only a "second-order effect" of looking out for No. 1. "Translation: don't expect the United States to intervene in any new Somalia or Kosovo any time soon."

That's no surprise, and no problem for Canada. The larger concern that Manley might usefully explore with Powell this week is the new administration's evident reluctance to pursue much more of a traditional U.S. role or multilateral organizations. Critics sometimes accuse Republicans of being "solipsistic," but that misses the point. The United States, no matter who leads it, has too many interests in too many places to ever withdraw from the world. The question is whether it will act alone (unilaterally) or in cooperation with its friends (multilaterally).

The one cast for the Bush administration will be an more controversial foreign policy goal—national missile defense, or "Star Wars II" to its critics. The idea is to construct a shield against incoming missiles—something critics say will be immensely expensive (\$50 billion over 15 years), probably won't work, and threatens relations with Russia and China, not to mention skeptical U.S. allies. John Chretien even denounced the idea while standing beside Russian President Vladimir Putin in Ottawa last month, to the distinct displeasure of the Americans. For NMD, as the idea is known, is an article of faith among Republicans, and Bush seems that he's strongly for it.

The confusion comes when you try to figure out exactly what Bush intends to do with it. Rumsfeld made it clear that he wants to go full speed ahead with NMD, even if that axles up the nuclear balance. Powell, though, took a much more measured view when senators questioned him (very pointedly) about his new job: missile defense, if necessary, he seemed to be saying, but not necessarily missile defense. All he would be committed to going would be a commitment. And the United States, he said, "will not withdraw into a fortress of protectionism or island of isolationism."

The bottom line: even as they settle into their new offices, Bush's new team is already struggling over which direction to take. Canada should hope that Powell gets the upper hand—and resist the temptation to read the American too obviously or too publicly.



Powell: a good fit for Manley



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Hope dwindles for the missing victims

The search continued for survivors in Santa Tecla, 12 km from San Salvador, after an earthquake measuring 7.6 on the Richter scale shook El Salvador around noon on Jan. 31. The quake, which caused \$1.5 billion in damages, killed nearly 700 people, destroyed 91,000 homes and left 65,000 families homeless.

A new president for the Philippines

She is almost everything he wants. Gloria Macapagal Arroyo is a small, female, university-educated, a political blueblood and an ardent reformer. The man she replaced as president of the Philippines, Joseph Estrada, is an imposing former action-star who was famous for his malapertures—and now, corruption. Macapagal Arroyo, 55, the daughter of a former president, showed up from vice-president (she was elected from a separate ballot) after Estrada bowed to the strong in

Massai's orders demanding his ouster.

The public was outraged when Estrada's impeachment trial in the Senate collapsed. A slight majority of senators, loyal to Estrada, voted to keep sealed tank records that prosecutors said would show he had received \$90 million while in office. The prosecution team resigned, and Estrada's defense attorney and military chief soon deserted him. Rallies were joined by Common Aquino, the Philippines' first woman president who overthrew dictator Ferdinand Marcos in 1986, and Fidel Ramos, Estrada's right-hand man, who Macapagal Arroyo now closely resembles.

Congolese president confirmed dead

After two days of conflicting reports, Congolese officials confirmed that President Laurent Kabila died of wounds sustained in a gun battle with one of his own bodyguards at the presidential palace in Kinshasa on Jan. 16. Kabila, who deposed longtime dictator Mobutu Sese Seko in 1997, had been fighting a civil war since 1998, when forces backed by his former allies, Rwanda and Uganda, turned against him. The war has left more than 2.2 million people homeless. Kabila's son, Joseph, has been named president.

A transatlantic tug of war

Two girls born six months ago in St. Louis became the object of a bitter international custody battle. Vickie and Richard Allen of San Bernardino, Calif., paid an Internet adoption agency \$9,000 to adopt the twins, named Kuan and Keyan at birth. But two months later, birth mother Linda Weidner, a 28-year-old receptionist who had three other children and a troubled marriage, took them back temporarily on a parent, then had them placed again, this time with British couple Judith and Alan Kilshaw, for \$18,000. The girls, renamed Kimberley and Belinda, are now in the care of British social services.

Jesse Jackson's love child

Rev. Jesse Jackson, the 59-year-old civil rights leader who counseled Bill Clinton during his 1998 White House sex scandal with Monica Lewinsky, admitted to having an extramarital affair resulting in the birth of a daughter 20 months ago. The baby, born to former Jackson aide Karen Stanford, 39, lives with her mother in Los Angeles. Jackson, who is married with five grown children, is paying \$4,500 a month in child support.

Palestinian TV chief shot

Hisham Mikki, 54, director of the Palestinian Broadcasting Corp., was shot and killed by three masked gunmen at a restaurant in the Gaza Strip. The Palestinian group al-Aqsa Martyrs' Brigade claimed responsibility for the murder as part of its anti-occupation campaign. Mikki, who was notorious for extravagance, owned luxury cars and numerous properties.

Concorde flies again

An Air France Concorde jet took off from Paris on a 50-minute test flight aimed at returning the airline's grounded fleet of supersonic planes to service. It was the first Paris takeoff since an Air France Concorde crashed into a hotel outside Charles de Gaulle airport on July 25, killing all 109 people on board and four people on the ground. British Airways grounded its Concorde in August. The British hope flights may resume by spring.

THE WALL STREET JOURNAL

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Amid careening markets, Canadians are flooding back into mutual funds. So where should they put their money?

By Katherine Macdonald

Canadian investors have come a long way over the decade since they began investing big-time in mutual funds. Against a backdrop of falling interest rates, they moved masses of money into those grand pools of stock-buying power, many of which were held in regal sounding savings plans. Today, the mutual fund industry in Canada manages approximately \$540 billion in assets, up from \$59 billion in 1992, and the industry's leaders calculate that 80 to 85 per cent of Canadians who can afford them own ones. What's striking, though, is the amount of confusion and plain old lack of un-

derstanding surrounding mutual funds. Canadians may have come a long way in their enthusiastic embrace of the product, but with many investors expecting their holdings to support them in retirement, they will have lots to learn.

This became brutally apparent in 2000. As markets tumbled and interest rates of double-your-money returns were dashed, and fortunes, at least of the paper variety, foundered. In the words of industry spokesman Tom Hocken, last year was a "safety check." What was hot in January definitely was not in December, as best illustrated by the rapidly shaggy close to a spectacular three-year run by science

and technology funds. "The year was almost a graduate course in the electric shock that you can get from the market," says Hocken, president of the Investment Funds Institute of Canada (IFIC).

Watching financial systems in Britain a regular check for investors

and technology funds. "The year was almost a graduate course in the electric shock that you can get from the market," says Hocken, president of the Investment Funds Institute of Canada (IFIC).

It was just a year ago that tech stocks were still in a supposedly endless climbing mode, the economy on both sides of the border was booming, and the discussion among many experts—too many—was not about when the end would come but whether the world had entered a new phase of exponential growth in defiance of past booms and bust cycles. Then, last spring, technology stocks took the first dramatic dip in what turned out to be a more sobering course: this, as measured by the Nasdaq composite index—up 16 per cent in February, an all-time high on March 10, then down nine per cent in April and another 16 in May, back up 11 in June, down six in July and up 14 again in August. And through the summer, the Nasdaq was a disaster: down, down, down every month to close the year worth 60-per-cent less than at the beginning. The broader equities market, as measured in Canada by the Toronto Stock Exchange 300 composite index, took its lumps a bit later in the game—and they were not so dramatic. Other than slight dips in April and May, the TSX 300 showed positive growth until September, when it dropped 7.6 per cent, and, under the influence of tech in general and Nortel Networks Corp. in particular, continued falling until a slight 1.5-per-cent bounce in December. Still, over the year, the index showed a 7.4-per-cent gain.

In a market marked by volatility, there were some pleasant surprises. At the beginning of 2000, who would have thought that the languishing stock prices of banks and other financial firms would shoot up and make funds specializing in Canadian financial services the year's best-performing subcategory, with average returns for 2000 of 36.6 per cent? That compares with an average loss of 11.9 per cent for income and technology funds for the year. Another highlight was the performance of Canadian stock funds relative to the U.S. version. The average Canadian equity fund, holding stocks with diversified market capitalizations, had a return for the year of 10.1 per cent, while the average U.S. equity fund fell 4.6 per cent.

Of course, as every fund prospectus says, past performance is no guarantee of future returns. Understanding



What the rankings mean

THREE-YEAR ANNUAL COMPOUND RETURN
Annual compound return over three years to Dec. 31, 2000

Rank-ordered three-year return

A ratio that measures return against the degree of risk. The number is arrived at by subtracting the amount of money an investor would have made over three years by investing in 90-day Treasury bills

(which are risk-free) from the fund's three-year compound return. The result is then divided by the standard deviation—a measure of volatility: the higher the figure, the greater the return for the amount of risk.

Average of three-year annual return

The average of the returns in each of the past five years. Shows which funds performed best in the medium term.

ABOUT THESE FUNDS
Mutual funds are regulated by certain provinces or certain professional groups, or have minimum deposits.

CANADIAN EQUITY

Funds that invest in shares of Canadian companies (3 years: 159 funds; 5 years: 98 funds)

3-YEAR ANNUAL COMPOUND RETURN

	TOP 10
Synergy City Momentum	29.7
AIM Canadian Premier	22.9
WebOnline Investment Trust	22.8
Torre Greenwich City Equity	22.8
AIM Canadian First Class	15.8
Synergy City Growth	14.3
Investex Income	12.8
Alpha Prudex City Equity	12.7
AIM Canadian Stock	12.4
Maclean's Universe Future	12

BOTTOM 10

Global Strategic Capital Growth	1.3
Sens Capital Value	2.2
Maclean's Industrial Growth	4.8
CTRS 100 Analysis	6.2
University Avenue Conserves	6.3

ONE-YEAR ADJUSTED 3-YEAR RETURN

	TOP 10
Maclean's Investment Trust	5.42
Synergy City Momentum	3.68
AIM Canadian First Class	2.68
AIM Canadian Premier	2.38
Investex Income	2.22
NorthWest Growth	2.24
AGF Canadian Stock	1.93
Flexity Trust Fund	1.89
PRIM City Equity	1.83
Synergy Equity Growth 3	1.81

BOTTOM 10

Torres Canadian Growth	1.03
Global Strategic Trends Growth	1.06
Maclean's Industrial Growth	2.03
University Avenue Conserves	2.31
CTRS 100 Analysis	2.56

AVEAGE 3-5 YEAR ANNUAL RETURN

	TOP 10
Alpha Prudex City Equity	33.7
AGF Diversified Canada	28.6
AGF AlphaTrust	28.9
Torre Greenwich City Equity	28.2
Investex Income	25.7
Corporation City Conserves, Inc. Inc.	25.8
AIM Canadian Stock	25.5
Brentwood City Equity	25
AIM Canadian Conserves	25.0

BOTTOM 10

Industrial Alliance Financial 2	2.1
Dynamic Income Plus Conserves	2.3
Torres Canadian Growth	2.3
Maclean's Industrial Growth	2.8
University Avenue Conserves	3.1

BOTTOM 5

Industrial Alliance Financial 2	2.1
Dynamic Income Plus Conserves	2.3
Torres Canadian Growth	2.3
Maclean's Industrial Growth	2.8
University Avenue Conserves	3.1

There's been an attitudinal shift to equities by investors, says Bederman. 'They believe in it.'

market conditions is critical for investors, but so is the ability to compare a mutual fund's longer-term performance against that of its peers. This is where the thinking behind the annual *Meridian* fund rankings, which are compiled by Morningstar Research Inc., a Toronto-based investment research company owned by Morningstar Inc. of Chicago. The tables offer the best and worst funds in eight selected categories based on three important measures: annual compound return over three years, risk-adjusted return over three years and average annual return in each of the past five years. Just for fun—no, advice—there's also a table showing the winners and losers based only on last year's performance.

The tables show returns after deducting all management fees (but not sales commissions, if applicable) and are based on total returns, including dividends, to Dec. 31, 2000. Funds that have existed for less than three years are not included. The report also includes the 100 mutual funds in each category that are based on the Morningstar best-of-class rating system that takes into account past performance, volatility and consistency over three years. The funds that scored highest are not always the ones that have earned the highest returns. Instead, they have tended to produce returns significantly above the average on a consistent basis given the amount of risk they took with shareholders' money.

Longer-term returns often tell a different tale than short-

THE YEAR'S WINNERS—AND LOSERS

Biggest gains and losses in 2000 among all funds

	TYPE	PERFORMANCE
Telus Global Health Fund	Science & Technology	+18.4%
Reserve Growth	Cons. Small & Mid Cap Equity	+7.0%
AIM Capital Venture	Science & Technology	+7.2%
Altitude Health Sciences	Science & Technology	+7.1%
Providence Toronto Equity Fund	Specialty	+6.3%
QBO Financial Companies	Specialty	+6.3%
First Trust Health Management ET	Specialty	+6.2%
TD Health Advances	Science & Technology	+5.1%
TD Health Advances QF	Science & Technology	+5.4%
Dynamic Health Management	Specialty	+5.3%
BEST OF THE YEAR		
First Trust DJ Internet Index ET	Internet & Technology	+55.3%
CTI Strategic Growth	Cons. Small & Mid Cap Equity	+33.3%
AIM Pacific Growth Fund	América Latina Bim Equity	+30.2%
CSA Pacific Index (1998)	Asia Pacific Bim Equity	+29%
AMP India	Country Fund	+25%

ones. Take those once-monic science and technology funds. While hampered in the second half of the year (losing, on average, 24.9 per cent of their value), they did show highly respectable three-year returns of 29.2 per cent (that's a compound annual return), making these funds the best performers over the three-year period. The top two tech funds on *Meridian* also, *Altitude* Science & Technology showed a three-year return of 16.1 per cent, even including a loss of 35.5 per cent in the last six months of 2000. It was also the best three-year performer across all the *Meridian* tables.

Investors usually respond to the market's vagaries after a slight lag, says Ted Bederman, president of *Investment Economics* Inc., a Toronto-based financial-industry consulting firm that tracks the flow of money in and out of mutual funds. His figures show a slight tilt in favour of more conservative investing towards the end of last year. During the first 10

CANADIAN BOND

Funds that invest in bonds and other fixed-income securities (3 years: 126 funds; 5 years: 97 funds)

3-YEAR ANNUAL COMPOUND RETURN		RISK-ADJUSTED 3-YEAR RETURN		AVERAGE 1-4 YEAR ANNUAL RETURN	
TOP 10	BOTTOM 10	TOP 10	BOTTOM 10	TOP 10	BOTTOM 10
TD Real Return Bond	5.7	TD Real Return Bond	2.0	Amico Private Fund Income	10.0
Acuity Private Fund Income	5.6	Desjardins Lazard Fréchette Bond	2.2	Alticus Bond	9.3
TD GIC Bond	5.3	TD GIC Bond	1.5	Alticus Bond	8.9
Desjardins Lazard Fréchette Bond	5.2	Acuity Private Fund Income	0.9	TD Real Return Bond	8.3
AIM Income B (Meridian)	5.1	Northwest Securities Ulta 'B'	0.9	Desjardins Lazard Fréchette Bond	7.8
Northwest Securities Ulta 'B'	5.0	AIM Income B (Meridian)	0.6	Northwest Securities Ulta 'B'	7.6
AIM Income B (Meridian)	5.0	AIM Income B (Meridian)	0.5	Bartram Bond	7.3
Alticus Bond	5.0	Desjardins Ulta Segregated Income	0.5	TD Real Return Bond	7.2
Desjardins Ulta Segregated Income	5.0	Desjardins Ulta Segregated Income	0.3	TD Real Return Bond	7.1
BOTTOM 10		BOTTOM 10		BOTTOM 10	
Desjardins Ulta Bond	2.6	Desjardins Ulta Bond	2.3	TD Real Return Bond	2.4
AIM Capital Bond	2.1	AIM Capital Bond	2.1	TD Real Return Bond	2.4
No-Branch Bear High-Yield Bond	1.9	Northwest Securities High-Yield Bond	2.0	Northwest Ulta Income	2.2
Perpetual Canadian Bond	1.6	Perpetual Canadian Bond	2.0	TD Real Return Bond	2.2
TDs-Canada Bond	1.6	TDs-Canada Bond	1.9	TD Real Return Bond	2.1

3-YEAR ANNUAL COMPOUND RETURN		RISK-ADJUSTED 3-YEAR RETURN		AVERAGE 1-4 YEAR ANNUAL RETURN	
TOP 10	BOTTOM 10	TOP 10	BOTTOM 10	TOP 10	BOTTOM 10
TD Real Return Bond	2.6	TD Real Return Bond	2.0	Amico Private Fund Income	10.0
Desjardins Lazard Fréchette Bond	2.2	Desjardins Lazard Fréchette Bond	1.5	Alticus Bond	9.3
TD GIC Bond	1.5	TD GIC Bond	0.9	TD Real Return Bond	8.9
TD Real Return Bond	1.0	TD Real Return Bond	0.9	Desjardins Lazard Fréchette Bond	7.8
Acuity Private Fund Income	0.7	Acuity Private Fund Income	0.6	Desjardins Lazard Fréchette Bond	7.6
Northwest Securities Ulta 'B'	0.6	Northwest Securities Ulta 'B'	0.5	Bartram Bond	7.3
AIM Income B (Meridian)	0.5	AIM Income B (Meridian)	0.5	TD Real Return Bond	7.2
Alticus Bond	0.5	Desjardins Ulta Segregated Income	0.5	TD Real Return Bond	7.1
Desjardins Ulta Segregated Income	0.5	Desjardins Ulta Segregated Income	0.3	TD Real Return Bond	7.0
BOTTOM 10		BOTTOM 10		BOTTOM 10	
Desjardins Ulta Bond	2.3	Desjardins Ulta Bond	2.0	TD Real Return Bond	2.4
AIM Capital Bond	2.1	AIM Capital Bond	2.1	TD Real Return Bond	2.4
No-Branch Bear High-Yield Bond	1.9	Northwest Securities High-Yield Bond	2.0	Northwest Ulta Income	2.2
Perpetual Canadian Bond	1.6	Perpetual Canadian Bond	2.0	TD Real Return Bond	2.2
TDs-Canada Bond	1.6	TDs-Canada Bond	1.9	TD Real Return Bond	2.1

3-YEAR ANNUAL COMPOUND RETURN		RISK-ADJUSTED 3-YEAR RETURN		AVERAGE 1-4 YEAR ANNUAL RETURN	
TOP 10	BOTTOM 10	TOP 10	BOTTOM 10	TOP 10	BOTTOM 10
TD Real Return Bond	2.6	TD Real Return Bond	2.0	Amico Private Fund Income	10.0
Desjardins Lazard Fréchette Bond	2.2	Desjardins Lazard Fréchette Bond	1.5	Alticus Bond	9.3
TD GIC Bond	1.5	TD GIC Bond	0.9	TD Real Return Bond	8.9
TD Real Return Bond	1.0	TD Real Return Bond	0.9	Desjardins Lazard Fréchette Bond	7.8
Acuity Private Fund Income	0.7	Acuity Private Fund Income	0.6	Desjardins Lazard Fréchette Bond	7.6
Northwest Securities Ulta 'B'	0.6	Northwest Securities Ulta 'B'	0.5	Bartram Bond	7.3
AIM Income B (Meridian)	0.5	AIM Income B (Meridian)	0.5	TD Real Return Bond	7.2
Alticus Bond	0.5	Desjardins Ulta Segregated Income	0.5	TD Real Return Bond	7.1
Desjardins Ulta Segregated Income	0.5	Desjardins Ulta Segregated Income	0.3	TD Real Return Bond	7.0
BOTTOM 10		BOTTOM 10		BOTTOM 10	
Desjardins Ulta Bond	2.3	Desjardins Ulta Bond	2.0	TD Real Return Bond	2.4
AIM Capital Bond	2.1	AIM Capital Bond	2.1	TD Real Return Bond	2.4
No-Branch Bear High-Yield Bond	1.9	Northwest Securities High-Yield Bond	2.0	Northwest Ulta Income	2.2
Perpetual Canadian Bond	1.6	Perpetual Canadian Bond	2.0	TD Real Return Bond	2.2
TDs-Canada Bond	1.6	TDs-Canada Bond	1.9	TD Real Return Bond	2.1

CANADIAN LARGE CAP

Funds that invest in large Canadian corporations (3 years: 63 funds; 5 years: 46 funds)

3-YEAR ANNUAL COMPOUND RETURN

	TOP 10
EMP Capital Corp Equity A	30.9
Altimont Capital Growth	28.8
EMP Capital Corp B	28.2
CMG Canadian Stock (Alberta)	27.4
Northland Bank Canadian Index +	25.4
Corporation Canadian Equity	23.7
Quebec Professionals Corp Equity	23.6
RBC Capital Corp Equity	23.4
Dynamic Power Canadian Growth	23.3
HSBC Canadian Corp Equity A	23.0

BOTTOM 10

	BOTTOM 10
TD Corp. Corp Equity	-3.6
Desjardins Corp Equity	-3.2
GS Canadian Equity	-4.7
Northland Life Equity	-4.8
Calgary Savings	-4.9
Quebec Savings	-5.0
RBC Corp. Corp Equity	-5.1
TD Corp. Corp Equity	-5.1
Quebec Savings	-5.2
TD Corp. Corp Equity	-5.3

1996-ADJUSTED 3-YEAR RETURN

	TOP 10
EMP Capital Corp Equity A	2.8
EMP Capital Corp Equity A	2.6
Calgary Savings Corp	2.2
CMG Canadian Stock (Alberta)	2.0
Quebec Professionals Corp Equity	1.9
RBC Corp. Corp Equity	1.8
Northland Corp. Corp Equity	1.7
TD Corp. Corp Equity	1.7
Quebec Savings	1.6
TD Corp. Corp Equity	1.6

BOTTOM 10

	BOTTOM 10
TD Corp. Corp Equity	-4.9
Desjardins Corp Equity	-4.9
GS Canadian Equity	-4.9
Northland Life Equity	-4.9
TD Corp. Corp Equity	-4.9
Quebec Savings	-4.9
RBC Corp. Corp Equity	-4.9
TD Corp. Corp Equity	-4.9
Quebec Savings	-4.9
TD Corp. Corp Equity	-4.9

1996-ADJUSTED 3-YEAR RETURN

	TOP 10
EMP Capital Corp Equity A	29.9
Altimont Capital Equity (1998)	28.7
YMS Emerging Companies	23.2
YMS Growth	23.1
Northland Corp. Corp Equity Fund	23.0
Corporation Canadian Equity	22.8
Quebec Professionals Corp Equity	22.7
Dynamic Power Canadian Growth	22.7
Quebec Professionals Corp Equity	22.7
Northland Corp. Corp Equity Fund	22.7

BOTTOM 10

	BOTTOM 10
AMP Canadian Aggregate Corp Equity	-2.7
BMO Canadian Aggregate Corp Equity	-4
MacDonald Industrial Equity Fund	-4.7
CMG Canadian Equity Fund	-4.8
Corporation Canadian Equity	-4.8
Northland Corp. Corp Equity Fund	-4.9
Quebec Professionals Corp Equity	-4.9
TD Corp. Corp Equity	-4.9
YMS Emerging Companies	-4.9
YMS Growth	-4.9

1996-ADJUSTED 3-YEAR RETURN

CANADIAN SMALL CAP

Funds that invest in shares of small and midsize Canadian firms (3 years: 82 funds; 5 years: 59 funds)

3-YEAR ANNUAL COMPOUND RETURN

	TOP 10
CSIC Canadian Small Companies	29
Resolute Growth	26.3
CSIC Mid Cap Canadian B (1998)	24
CSIC Mid Cap Canadian A (1998)	23.7
CSIC Small Cap Canadian Index +	23.4
Corporation Canadian Equity	23.3
Desjardins Canadian Equity	23.2
Northland Corp. Corp Equity	23.1
Quebec Professionals Corp Equity	23.0
RBC Canadian Corp Equity	22.9

BOTTOM 10

	BOTTOM 10
TD Corp. Corp Equity	-26.3
Desjardins Corp Equity	-24.4
Global Strategy Corp Small Cap	-24.4
MacDonald Industrial Equity Fund	-24.4
Quebec Savings	-24.4
Corporation Canadian Equity	-24.4
Northland Corp. Corp Equity	-24.4
Quebec Savings	-24.4
TD Corp. Corp Equity	-24.4
Quebec Savings	-24.4

1996-ADJUSTED 3-YEAR RETURN

	TOP 10
CSIC Canadian Small Companies	29
Resolute Growth	26.3
CSIC Mid Cap Canadian B (1998)	24
CSIC Mid Cap Canadian A (1998)	23.7
CSIC Small Cap Canadian Index +	23.4
Corporation Canadian Equity	23.3
Desjardins Canadian Equity	23.2
Northland Corp. Corp Equity	23.1
Quebec Professionals Corp Equity	23.0
RBC Canadian Corp Equity	22.9

BOTTOM 10

	BOTTOM 10
TD Corp. Corp Equity	-26.3
Desjardins Corp Equity	-24.4
Global Strategy Corp Small Cap	-24.4
MacDonald Industrial Equity Fund	-24.4
Quebec Savings	-24.4
Corporation Canadian Equity	-24.4
Northland Corp. Corp Equity	-24.4
Quebec Savings	-24.4
TD Corp. Corp Equity	-24.4
Quebec Savings	-24.4

1996-ADJUSTED 3-YEAR RETURN

	TOP 10
CSIC Canadian Small Companies	29
Resolute Growth	26.3
CSIC Mid Cap Canadian B (1998)	24
CSIC Mid Cap Canadian A (1998)	23.7
CSIC Small Cap Canadian Index +	23.4
Corporation Canadian Equity	23.3
Desjardins Canadian Equity	23.2
Northland Corp. Corp Equity	23.1
Quebec Professionals Corp Equity	23.0
RBC Canadian Corp Equity	22.9

BOTTOM 10

	BOTTOM 10

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Don't hesitate to ask for professional advice, says the Royal Bank's Vince. 'Do you cut your own hair?'

that came with last year's turbulence, investors turned back to mutual funds, probably in a collective "I do" to the professional money managers. For the first time since 1997, says the Investment Funds Institute, the amount of new money invested in funds, at \$22.8 billion in 2006, was up over the previous year, which ringed in \$17.7 billion.

It's believed that much of last year's boom in fund sales came from investors doing it themselves who were returning to the fold. The mutual buoyancy of the markets in 1999 lured many investors to try their own hand at stock picking. Some did it like the management-expense ratios that go with mutual funds. Others thought they'd do two higher stunts by investing directly. Still others wanted to take a more active role in managing their own affairs. For much of 1999, especially in tech stocks, it was hard to go wrong—virtually



Milestone: "play with my money as long as I get some returns"

all the dot-coms were flying. But the end of the ride is already well sold, and in many cases it was pretty.

Steve Burke, a 50-year-old entrepreneur and father of two daughters living in Toronto, is a long-time investor who says he learned the hard way in an earlier recession that investing is best left to the pros. In the late 1970s and early '80s, he managed

his own portfolio, and saw his \$250,000 account plummet to less than \$100,000. "It was horrific," Burke says. He now relies on an investment adviser and says his portfolio, worth about \$500,000, is 95 per cent invested in mutual funds.

The lesson Burke learned so many years ago is repeated over and over again: Get an adviser. Make a financial plan. Know what you want and know the level of risk you can tolerate. Understand that high returns mean high risk, which, translated, really means potentially huge losses and many sleepless nights. People shouldn't hesitate to ask for professional advice, says Diane Vince, chief operating officer of the Royal Bank of Canada's mutual funds business. "Do you cut your own hair?" she asks. The IFIC's Hodson says people have realized investing is not so easy after all. "It's daunting," he adds.

For Marion Millane, a 39-year-old account manager in Montreal who saves diligently for her retirement, the

Canadian Balanced Funds with mixed portfolios of stocks and bonds (3 years: 177 funds; 5 years: 114 funds)

3-YEAR ANNUAL COMPOUND RETURN

TOP 15

Transamerica Balanced Investment Growth	18.1
Transamerica Growth Ed-Balanced	18.4
AM Canadian Balanced	17.9
2500 Fund	17.9
McDonald's Canada Plus	17.4
Shawmut Global Balanced Value RSP	17.3
RBC Investment	17.2
Canaccord Canadian Balanced	17.0
CDI Balanced (RSP)	16.9
Transamerica Growth Ed-Balanced	16.8
Transamerica Balanced Investment Growth	16.8
McDonald's Canada Plus	16.7
AM Canadian Balanced	16.6
Shawmut Canadian Income	16.4
Shawmut Canadian Balanced	16.3
Wells Fargo Select Ed-Balanced	16.2
Wells Fargo Select Ed-Balanced	16.1
Shawmut North American Value RSP	16.0
CDI Balanced (RRSP)	15.9
Transamerica Growth Ed-Balanced	15.8
Transamerica Balanced Investment Growth	15.8

5-YEAR ADJUSTED 3-YEAR RETURN

TOP 15

CDIIVR Recruit	2.85
AM Canadian Balanced	2.85
Shawmut Canadian Income	2.44
Shawmut Canadian Balanced	2.35
Wells Fargo Select Ed-Balanced	2.25
Wells Fargo Select Ed-Balanced	2.12
Wells Fargo Select Ed-Balanced	1.94
Shawmut Canadian Income	1.93
Shawmut Canadian Balanced	1.85
Wells Fargo Select Ed-Balanced	1.84
Shawmut Canadian Income	1.83
Shawmut Canadian Balanced	1.82
Wells Fargo Select Ed-Balanced	1.81
Shawmut Canadian Income	1.80
Shawmut Canadian Balanced	1.79
Wells Fargo Select Ed-Balanced	1.78

AVERAGE 3-5 YEAR ANNUAL RETURN

TOP 15

Transamerica Balanced Investment Growth	17.6
Transamerica Growth Ed-Balanced	17.1
AM Canadian Balanced	17.0
Shawmut Canadian Income	16.9
Shawmut Canadian Balanced	16.8
Wells Fargo Select Ed-Balanced	16.7
Shawmut North American Value RSP	16.6
RBC Investment	16.5
CDI Balanced (RSP)	16.4
CDI Balanced (RRSP)	16.3
Transamerica Growth Ed-Balanced	16.2
Transamerica Balanced Investment Growth	16.2
McDonald's Canada Plus	16.1
AM Canadian Balanced	16.0
Shawmut Canadian Income	15.9
Shawmut Canadian Balanced	15.8

BOTTOM 5

Acadia Balanced	-1.6
National Life Selected	-1.3
Geofford Balanced	-1.2
Winnipeg Mutual	-1.2
Canaccord Balanced	-1.1

BOTTOM 5

MLI AGF Conv-High Income GIC	1.8
MLI AGF Selected GIC	1.5
Industrial Alliance G Dividend 2	1.3
Members Mutual	0.9
Canaccord Balanced	0.7

U.S. EQUITY

Funds that invest in shares of U.S. companies (3 years: 113 funds; 5 years: 76 funds)

3-YEAR ANNUAL COMPOUND RETURN

TOP 15

America American Equity	32.9
Vista American Stock 1	29.6
Vista American Stock 2	27.6
UPI American Equity	28.7
Investment American Growth	25.8
CDI US Equity (RSP)	25.3
Fonds de Coopération Select	22.3
AIC American Advantage	20.8
Industrial Alliance S-25 Stock	18.4
AIG American Growth Class	18.1
CDI US Equity Growth	17.9
CDI US Equity Income	17.8
CDI US Equity Income	17.7
CDI US Equity Income	17.6
CDI US Equity Income	17.5

BOTTOM 5

ABC American Value	-1.3
All Funds Index US Bear S&P	-1.2
Shawmut American Equity	-1.1
Vibrant US Equity Index	-0.8
Cooperative US Equity	-0.9

5-YEAR ADJUSTED 3-YEAR RETURN

TOP 15

Vista American Stock 1	4.84
Vista American Stock 2	4.83
Amex American Equity	4.93
Fonds de Coopération Select	5.65
CDI US Equity (RSP)	5.95
UPI American Equity	5
Home Growth US Equity	5.52
Assurance Life US Equity	5.15
AIC American Advantage	5.35
Industrial Alliance S-25 Stock	5.23
CDI US Equity Growth	5.16
CDI US Equity Income	5.14
CDI US Equity Income	5.13
CDI US Equity Income	5.12
CDI US Equity Income	5.11

BOTTOM 5

ABC American Value	-1.60
All Funds Index US Bear S&P	-1.53
Shawmut American Equity	-1.50
Vibrant US Equity Index	-1.45
Cooperative US Equity	-1.50

AVERAGE 3-5 YEAR ANNUAL RETURN

TOP 15

Invest American Equity	11.7
All Funds Index US Bear S&P	10.6
UPI American Equity	12.3
Shawmut American Growth	10.9
MLI US Large Cap Growth	10.2
Canaccord American Growth	10.1
Fonds de Coopération Select	10.8
Industrial North America Equity	10.5
Vista American Stock 1	10.3
UPI American Growth Class	10.2
CDI US Equity Income	10.1
CDI US Equity Income	10.0
CDI US Equity Income	9.9
CDI US Equity Income	9.8

BOTTOM 5

First Trust QMA Target 50 ET	3.6
Dynamic Focus Plus Income	2
AMF Income Assured	1.9
Vibrant US Equity-Vision	-0.1
All Funds Index US Bear S&P	-1.2

GLOBAL EQUITY

Funds that invest in companies anywhere in the world (3 years: 70 funds; 5 years: 64 funds)

3-YEAR ANNUAL COMPOUND RETURN

TOP 15

Global Fund	20.8
Spectra Global Stock	22
ABF Aggressive Global Stock	23.8
CDI Horizons Global Fund	23.6
NET International Value	25.6
CDI US Equity (RSP)	25.3
Fonds de Coopération Select	22.3
Merrill Lynch Global Value	22.1
Alpha Global Small Company	20.5
Clarendon Global Small Cap	20.4
Industrial Alliance World	19.7
Clarendon Global Small Cap	19.7
Industrial Alliance World	19.7
Alpha Global Equity	19.6
Global Fund	19.5

BOTTOM 5

CDP World Equity Class	3.8
Markets Universe World Value	3.5
Revere Global Equity	3.5
Green Environment Global Equity	3.1
Revere Global Equity Value	3.0

5-YEAR ADJUSTED 3-YEAR RETURN

TOP 15

Global Fund	2.66
Markets Universe World Value	2.58
Revere Global Equity Value	2.52
Green Environment Global Equity	2.51
Revere Global Equity	2.48
Alpha Global Small Company	2.46
Fonds de Coopération Select	2.44
Industrial North America Equity	2.43
Vista American Stock 1	2.42
UPI Global Growth	2.42
Alpha Global Equity	2.42
Clarendon Global	2.42
Industrial Alliance World	2.41
Alpha Global Equity	2.41

BOTTOM 5

Vibrant Global Equity Value	2.3
CDI Global Value Segmented	2.3
Alpha Global Equity	2.3
Vibrant Universe World Value	2.2
Markets Universe World	2.1

AVERAGE 3-5 YEAR ANNUAL RETURN

TOP 15

Global Fund	19.1
Spectra Global Stock	22
ABF Aggressive Global Stock	23.8
CDI Horizons Global Fund	23.6
NET International Value	25.6
CDI US Equity (RSP)	25.3
Fonds de Coopération Select	22.3
Merrill Lynch Global Value	22.1
Alpha Global Small Company	20.5
Clarendon Global Small Cap	20.4
Industrial Alliance World	19.7
Clarendon Global Small Cap	19.7
Industrial Alliance World	19.7
Alpha Global Equity	19.6
Global Fund	19.5

BOTTOM 5

Markets Universe World Value	1.6
Revere Global Equity	1.5
Green Environment Global Equity	1.5
Revere Global Equity	1.5
Alpha Global Equity	1.5

buoyancy is augmented by a sense of belonging with the mutual fund industry. Canada now has more than 3,500 funds, and the number grows by the day—along with the sophistication and complexity of the products offered. In 1992, the year BellClare, Inc., one of蒙特利尔的 predecessor companies in Canada, was purchased by the industry, there were roughly 500 funds available in Canada, and most of them were of the garden-variety type. Today's offerings are much more refined: there are sector-specific funds—personal funds, for instance; there are funds defined by the type of holding, such as dividend funds; there are large cap and small cap funds, reflecting capitalizations; and there are equity funds, high-yield bond funds and balanced funds, the last a mix of the two. There are funds focused on regions of the world combined with types of holdings—for instance, Canada equity funds, which was蒙特利尔's most-wanted subgroup. And then there are closed funds, a more innovative idea proving highly popular. These allow Canadians the benefit of investing outside Canada while still respecting the laws set out for RRSPs (which now go to 30 per cent on Jan. 1).

The success of the mutual fund industry has spawned another insurance company that offers segregated funds, which look like mutual funds but are wrapped around insurance policies. Popular for their competitive fees are the exchange-traded funds (page 44), which track market indices. Millions upon millions of Canadians are turning to the industry for their money management, and avoid volatile stocks and regions. Many people take a lot of time to find out about stocks, says Ed Leggat,

'There's more to evaluating a fund than just looking at performance'

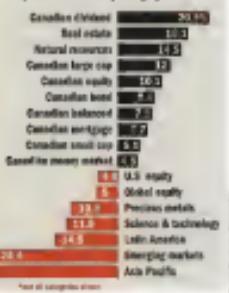
president and CEO of BMO Mutual Funds. "But what they really need is to find out more about themselves."

One way to do that is with a financial planner. Hodkin says even he finally called a planner two years ago. Among a myriad of questions about his assets, debts and obligations, the planner asked Hodkin if his two daughters were married. Had he made provision for that, she wanted to know. Based on an investor's age, obligations and income, a planner can help determine one's level of risk tolerance. The next step is to look at a fund's past returns—plus in cash and in holdings. "There's more to evaluating a fund than just looking at performance," says Scott Mackenzie, president of Mackenzie Research. Investors, he says, should realize that the fund they're investing in contains the risks they want. The other important element is the allocation mix of the investor's portfolio. A planner who has a low tolerance for risk still might hold some risky technology stocks, she experts say, as long as it is a small portion of his or her portfolio and is buffered by safer, more stable holdings, such as money market funds.

HOW THEY MADE OUT

Average fund return in 2000

by mutual fund category*



than half of the Canadians polled (all adults, with the study weighted to reflect the current planned to contribute to an RRSP for the 2000 tax year) said they planned to contribute to an RRSP for the 2000 tax year and many of them intend to put their money in a mutual fund. 49 per cent also didn't know what type of fund to buy. "They're probably embarrassed," says the Royal's Vince. "They can be very sophisticated people."

One reason for the lack of understanding about investments is that a whole generation grew up believing that retirement years would be provided for, Hodkin says. "We've gone from a dependence on the employer and the state to a do-it-yourself society," he says. "We're just at that time in history where the shift is occurring."

If investors are lucky, the market will be less rocky, more gentle than year. And maybe that steep learning curve will smooth out a bit, too.

With Brenda Blethyn in Montreal

SCIENCE AND TECHNOLOGY

Funds that invest in companies involved in some aspect of science and technology (3 years: 30 funds; 5 years: 8 funds)

3-YEAR ANNUAL COMPOUND RETURN

TOP 10	
Altimira Science & Technology	31.4
Global United Sciences & Tech	30.8
Toro Capital Ventures	29.2
CIBC Global Technology	29.2
Techno Global Health Care	24.1
CI Global Financial Sector	24.2
AM Global Technology	22.8
Washington Edge Technology	21.3
First Trust North Amer. Technology	20.8
Sciencesetica-GlobeWest 13-25% Cont. Divs.	21.3

EDITION 5

	2000
Techno Discovery	29.7
CI Global Health Sciences	27.5
AM Global Health Sciences Class	22.4
NorthWest Life Cont. Advanced Tech	4.7
Acuity Pooled Environment, Science & Tech	4.7

UNAUDITED 3-YEAR RETURN

TOP 10	
Techno Global Health Care	3.00
Altimira Science & Technology	4.23
Street Global Science & Tech	4.2
First Trust Pharmaceutical	4.03
Facility Fresh Health Care	4
CI Global Financial Sector	2.65
CIBC Global Technology	3.87
CI Global Health Sciences	3.28
AM Global Science & Tech	3.26
AM Global Technology	3

EDITION 1

	2000
CI Global Technology Sector	2.66
Techno Discovery	1.24
AM Global Health Sciences Class	0.78
Acuity Pooled Environment, Science & Tech	0.00
NorthWest Life Cont. Advanced Tech	0.04

AVERAGE 5-4-3 YEAR ANNUAL RETURN

TOP 5	
Altimira Science & Technology	32.7
CIBC Global Technology	41.9
Spectrum Global Telecommunications	31.3
TE Science & Technology	29.1
AM Global Telecommunications	24.9
Royal Life Science & Technology	24.9
AM Global Health Sciences	20.8
Acuity Pooled Environment, Science & Tech	32.2

(Note: only eight Canadian funds in the science and technology category have a five-year history)



**AN EXPERIENCED VALUE INVESTMENT MANAGER
IS A RARE CREATURE. A TEAM OF THEM
WORKING TOGETHER IS EVEN RARER.**

PETER CUNDILL

DAVID BRIGGS

LESLIE FERRIS

TIM MCELVAINE

JAMES MORTON

ALAN PASNIK

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2001: It Could Soon Turn Ugly

As the dark clouds gathering over the Canadian and global economies, three Toronto-based financial experts offer an analysis of the investment landscape for the coming year. They are Jeffry Adachi, chief economist for CIBC World Markets; Wendy Bresler, president of Goodwin Institutional Investments; and Eric Kieras, a finance professor at the University of Toronto's Rotman School of Management. Here are highlights of the session, lead by *Assistant Managing Editor Steven Woodward* and *National Business Correspondent Katherine MacLean*.

MacLean: How will the North American economy unfold in 2001?

Adachi: We're going to have a significant downturn. Whether it's defined as a recession remains to be seen, I don't foresee anything to serious as 1990-91, but I do foresee the worst conditions we've seen since. We will have a recession in North America in manufacturing and the extent of that recession in the auto industry I think we'll see as much as a 20 per cent reduction in auto production. And given that the auto industry is, from a composition standpoint, twice as important in Canada as in the United States—it's nearly 23 per cent of our manufacturing and about as per cent of them—just see how we're going to go uniculated even with the protection of the cheap dollar.

I think the U.S. economy will have a negative first quarter, and that Canada will follow suit some time in the second quarter. And the recovery will be tepid, more U-shaped than V-shaped. If it were only a question of interest rates then I think one could be relatively optimistic. And the Federal Reserve Board will cut interest rates another 100 basis points and the Bank of Canada will follow suit, with a lag. But another factor is energy prices, and they will not decline in rapidly as interest rates. I don't see oil prices going much below \$30 [U.S.]. Natural gas prices have already skyrocketed to an all-time high and I don't see that coming down either. So energy is going to continue to be a drag on the economy long after interest rates have adjusted.

I suspect by March/April the Canadian data will be as ugly, if not uglier, than what we're seeing out of U.S. manufacturing. And at the end of the day, not only will the Bank of Canada cut interest rates every bit as much as the Federal Reserve Board, but it will willingly acquiesce to another 10 per cent devaluation of the Canadian dollar. And that's why the recession, or whatever you want to call it, in Canada is unlikely to be more severe than in the United States, in contrast to what happened in '90-91.

Kieras: First, I'm going to get my pet peeve on the table. I think a recession will be good for the average person, when there's a little bit of tightening up and a little bit more unemployment, service levels—for e-commerce, or Air Canada—might be a little bit better. The other thing for the average investor is, if interest rates are lowered, we could be looking at a pretty good bond return again in the 6 per cent.

Woodward: I tend to base my investment advice on longer-term

considerations. However, I do share both Jeff and Wendy's views on interest rates. They are critical to me, and I care for anything other than flat or lower rates in the forthcoming year in Canada. It's positive for bonds and bonds, but for stocks it's going to balance off—it'll get a trade-off between falling earnings per share and lower interest rates. A depreciating Canadian dollar is a headache as well.

MacLean: So what should a prudent investor do? Let's say he is now at all.

Adachi: What I want him to do is sit down and work with a financial adviser or, if he's the background, do it himself and come up with a good, solid asset allocation. Before he does anything, I want him to come up with a suitable mix between safety, income and growth investments and I want him to develop a good understanding of long-term and short-term asset-class returns and use that as a base.

Bresler: The financial adviser thing is something I feel strongly about. For the average individual investor, their own money, they're sitting on an in-

Brooklin (left), Kieras, Bresler
lower interest rates, turbulence
for stocks and a falling loonie

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percent decline in the major indices—In a falling S&P 500, Toronto Nasdaq, you could be talking more of a 25 or 30 per cent decline. And it may well be that in the middle of the year, or at some point in time when people see the parameters of this downturn, there will be great opportunities to buy the North American market and it might come rallying back.

So let me just focus on the here and now. I think the only sector of the North American equity markets that is recession-proof is the energy sector. Because valuations of those companies in the market right now say that next year oil is going to be 22 bucks and gas is going to be \$3 to \$4. I don't think oil is going to go below \$5 to \$6. In other words, oil and natural gas prices just have to persist at these higher levels for a company's cash flow to defend valuations.

On the bond side, I think there are opportunities in the Canadian bond market. I'm not so sure that there are such great opportunities in the U.S. bond market because it has already paid itself off another two, three, four can. **MacLean:** I think what Jeff has presented is very sensible and would be valuable for an institutional investor. With all due respect I would disagree with the year-to-year approach. If

Maclean's panellists agree there's trouble ahead, but diverge on how investors should deal with it

appropriate level of risk. The world is just so complicated, there are so many different factors, they need a financial adviser. And I would like to see the day where people use a financial adviser like they use a doctor or a dentist.

MacLean: We're more and more people are investing in their own strength the Internet.

Adachi: Do it yourself. And I was horrified by an article in a recent Canadian investment magazine which was predicting within 15 minutes per year as an individual you can build your own mutual fund and beat the experts. These are Web sites now where they can actually customize their own portfolio by buying blocks of stocks to build their own mutual fund. And that is one of the problems with technology—it's giving people a false sense of comfort that they have this information and these tools and they can do it themselves, when in fact it's so complicated that even the experts sometimes don't know the right thing to do.

Bresler: I don't know about financial adviser, and I don't know about the long term. I tend to view all this as if I'm an economist. I realize that the long term is nothing but a consensus of short term and if you get the short term right, the long term will just look after itself.

I think investors would be better off in the market right now. It may well be, probably better than 10 per cent probability that there will be very attractive buying opportunities in the Canadian and U.S. equity markets in 2001. But certain things are going to happen before those opportunities will present themselves. People could be looking at a 10-15

percent increase had bailed out of the equity market in '90-91 or the next downturn in '94 or during the Asian flu in '97 or the Volga virus in '98, with the exception of last April, times which there hasn't been a recession, they would have been sorry in every one of those cases. They would have missed one of the greatest decades. And in fact, if you look back over the past 20-30 years, balanced portfolios have done very well. Retail investors who read in gas-guzzler manuals have not done all that well. I think it's a dangerous tick.

Brooklin: I think the concern of the retail investor is it's different than the investor of the institutional investor. It's called left-risk money and get the highest risk-adjusted rate of return. And who's appropriate for the Caisse de dépôt or Ontario Teachers? I appropriate for Jeff Rubin's personal portfolio.

Brooklin: Can I try a different one? I see three different types of investors, and it's not whether they're retail or institutional, it's what their objectives are. One type, which Jeff has been talking about, is the type which made money and doesn't want to lose their money and their risk is defined as capital loss. Now Eric, you can talk about the long term all you want, but if I take \$100 and I put it in the market tomorrow and the market drops 50 per cent, it's going to take me 10 years to make up.

MacLean: Yes, but remember, I'm not going to let you put all of your money into stocks.

Brooklin: Okay. In my case, an investor who wants to protect their capital because there's a lot of uncertainty in the market can go into bonds knowing that the expected return that year is going to be about 10 per cent.

Then you have another investor who says, "I want to

make money because I get really jealous when I go to cocktail parties and I hear about everyone else making 120 percent return." And there, I think you can go up the equity market but you have to have a lot of time to do it, you have to have a great financial adviser and a great investment manager and you've got to be above, above, above. You cannot invest in a way that's predicated on any of the stock market indices. Stock-picking is going to cost you. And the other strategy that's out there right now that people can make a lot of money in is hedge fund investing.

Touch a third type of investor who knows what they want to do, knows where they want to go to and knows what kind of volatility they can withstand before they get there. So

this is the time to go into the euro or the major European stock markets. And I think they'll be rewarded for a very short period. But I suspect what's happening in North America is going to come with a lag to Europe, and there are historical precedents for believing that when it does arrive in Europe it tends to be of a nature similar to it is in North America. As for Japan, it doesn't matter because they've been in a recession for the last 10 years. The worst performing stock markets in the world have been in northeast Asia. And if you look at who is most impacted by emerging markets, it's surely southeast Asia. I think you want to stay out of that region as well.

Kinner: I've been following global investing for 20 to 25 years

I've seen very little evidence of managers who consistently make good country calls on the globe-at-large. Again, I'm sorry, I'm in the long term, Jeff, but that's where I live. And what I've seen in the long term is that globally diversified portfolios deliver the goods. So I don't try to guess whether it's going to be Europe next year or it's going to be the Far East. I'm still a fan of global investing.

Mackenzie: Was there a complete bubble? Will there valuation ever recover?

Robbie: What you're really asking is, do you expect to see the Nasdaq composite index back to 6,000 or 5,000 in 2001 or 2002 or even 2003? And the answer is no.

MacLean: So has all of tech been overvalued? What about the longer-term potential of companies that are physically doubling the Internet, such as Novell?

Kinner: Some good companies are going to emerge out of this. Out of 500 companies that we could talk about, maybe 10 will turn out to be the General Electrics or General Motors of the 21st century. My problem is, I don't know which ones. Novell looks like a good candidate but I can't say for sure. So I would go back and say, yes, somewhere in my portfolio I'm going to have a small slice of high-tech companies and it's going to be in there for five to 10 or 15 or 20 years.

Robbie: If you were a long-term play—the only long-run investment that I have avoided myself—it's genetics. I own a product that is a composite of about 25 genomics firms on Nasdaq. I feel confident that in the next five to six years, genetic applications in medicine are going to continue to grow at a very rapid rate. And when you look at what North America spends on health versus what North America spends on a-said, I think the market is potentially pretty big. So I'll allow myself the luxury of this one investment, although a really wacky Jeff Rubin would have sold it in December and would probably buy it back in April.



IVY STUDIES THE NUMBERS.

BUT INVESTS IN THE BUSINESS.



"Technology is giving people a false sense of comfort that they can do investing themselves"



Kinner: Robbie, should investors get out of the stock market, or stay in for the long term?

They've got an investment policy—Eric's 20-30-50 balance—and they will keep rebalancing back to that year after year. They could do better but their expectation is that they want to get that average return.

Robbie: And they've done very well over the past five, 10, 15 or 20 years.

Brooks: Well, who said, if it's windy enough, even a turkey can fly?

Robbie: I never buy stocks. I buy indices or I buy exchange-traded funds or in the case of the energy sector, I know of at least two mutual funds that mirror the composition of the oil and gas index. Particularly for the retail investor, it seems to me there's less and less need for active stock-picking with the proliferation of exchange-traded funds that allows people to make sector calls.

Robbie: I'm not advocating that individual investors actively stock-pick. They should look for those investment managers who offer products with active stock-picking. And I'll go further than that. I'm saying that 2001 is not the year to invest in a mutual fund unless it's index.

MacLean: Let's look outside North America.

Are there any opportunities?

Robbie: Well, this downturn has its epicenter in North America. There are probably going to be a lot of people who think

MACKENZIE IVY FUNDS

In fact, it's only when we're very impressed with a company, that we consider investing in it. So while some stocks lead short, explosive lives, those are not the businesses that interest us. Our strategy is to seek out investments where the rewards consistently outweigh the risks, in our experience, that's the right business to be in. Speak to your financial advisor or visit us at www.mackenziefinancial.com.

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THE HOT 100 FUNDS

Out of the more than 3,300 mutual funds in Canada, the 100 funds listed alphabetically below went judged the best in their respective categories based on the Morningstar rating system. This approach, used by Toronto-based Morningstar Research Inc., factors in the funds' performance, risk-adjusted return and potential for loss relative to the average for its category.

fund types over three-, five- and 10-year periods. The scores for each period are weighted to arrive at an overall score—essentially, a measure of quality. The top 10 per cent of funds within the category receive the Morningstar Five-star rating. Afterlife Hat 100 has, based on the ratings as of Dec. 31, 2000, exclusive money-market funds and those restricted to certain groups of people.

FUND CLASS		Profile Type	Assets	3-Year Return	3-Year Return	5-Year Return	10-Year Return	RSP Eligibility	Volatility	Yield	12 months	Vol.	12 months	Availability	Management Expenses Rate
MDP Aggregate Bond Fund	General Bond	253.9	-25.9	35.9				Foreign	9.12	38.8	133.8			2.8	
MDP Aggregate Growth	General Bond	18.5	-48.2	48.8	33.3			Foreign	10.62	32.2	386			2.31	
MDP Blue Tactical Asset Allocation	Global Balanced	790.1	-33.4	33.4	33.7	14.1		Foreign	2.03	4.3	36.8			3.04	
MDP Emerging Assets Allocation	Global Balanced	186.4	-35.4	35.8	34			Foreign	9.12	31.4	31.7			3.38	
MDP International Bond Fund	International Equity	458.8	2.6	23.8				Foreign	8.21	4.8	62.7			2.84	
MDP International Equity	Global Bonds	549.2	27.6	31	21.6	15.1		Foreign	2.81	4.1	38.4			2.01	
MDP American Admixture	US Equity	466	70.5	28.8				Foreign	4.03	2.4	44			2.79	
MDP World Equity	International Equity	879.5	6.4	39.2	37.8			Foreign	9.48	3.4	48.7			2.37	
MDP Canadian Enhanced	Can. Equities	350.8	9.2	37.2	34.6			Yes	4.77	4.7	91.7			2.13	
MDP Canadian Fund Class	Can. Bonds	350.9	2.6	36.8				Yes	5.82	42.3	53.6			1.09	
MDP Portfolio US Bond Fund Class	US Equity	5.1	-33.2	33.1	36.7			Yes	8.43	33.3	54.8			1.03	
Alberta Bond Small Company	Global Equity	46.6	9.5	26.5				Foreign	8.41	40.3	77.1			2.81	
Alberta Income & Bond Fund	Global Bonds	600.5	-7.2	33.4	41			Foreign	12.33	3.3	286.8			2.8	
Alberta Short Term GIC Income	Global Bonds	36.5	3.8	0.3				Yes	8.67	4.3	6			0.43	
Alberta Bond Fund	Can. Bonds	8.3	10.3	9	7.1	12.8		Yes	2.21	-0.2	29			1.45	
Alberta Canadian Equity Fund	Can. Equity	750.0	-23.7	2.8	38.2	23.8		Yes	4.93	-2.3	54.6			1.17	
Alberta Money Fund	Can. Bonds	60.2	2.8	2.7				Yes	0.38	2.8	35.8			2	
Alberta Multiclient Goods Fund	Global Equity	168.8	18.1	33.7	23.9			Foreign	4.56	2.9	52.4			1.19	
MDP Dividend	Can. Dividend	1202.1	24.8	32.7	31.1			Yes	4.62	-4.4	57.9			1.79	
MDP Equity	Can. Large Cap	1500.0	30.2	38.6	31.3			Yes	0.19	-0.8	41.6			3.24	
MDP American Equity	US Equity	660.0	-30.4	35.7	39.8	18.7		Foreign	8.06	3.8	58.8			2.35	
MDP Canadian Enhanced	Can. Enhanced	25.8	28.8	36				Yes	2.41	-0.2	29.2	Only GIC	1.13	1.13	
MDP Dividend	Can. Dividend	152.2	30.3	33.8				Yes	2.2	-3.4	24.1	Only GIC	1.4	1.4	
MDP Emerging Markets	Emerging Markets	9.0	-31.4	4.9	4.3			Foreign	0.94	-24.9	24.9			2.75	
MDP Emerging Markets Sector	Emerging Markets	20.3	-29	4.1	7.9			Foreign	0.34	-2.2	76.7			2.81	
MDP Global	Global Bonds	350.2	-0.9	35.8	34.4	14.8		Foreign	0.91	-0.2	65.7			2.47	
MDP Growth Bond Fund	Foreign Bond	73	10.3	2.4	5.4			Yes	1.11	-4.4	18.9			2.19	
MDP International Bond Fund	Global Bonds	284.2	1.9	33.2	32	12		Foreign	2.91	1.0	29.8			2.41	
MDP International Small Company	World Equity	122.3	9.2	33.8	35.1			Foreign	0.38	1.8	140.2			2.41	
MDP Global Bond	Foreign Bond	167.0	3.2	4.2	4.8			Foreign	1.28	-0.7	12.8			2.26	
MDP Canadian Bond Companies	Can. Bonds	166.4	23.4	34				Yes	1.47	-3.8	126.8			2	
MDP Income Fund Portfolio	Can. Bonds	5	4.1					Yes	0.92	-0.8	9.1			0.13	
MDP International Small Companies	International Equity	90	3.4	23.8				Foreign	0.29	-7.1	189.5			2.8	
MDP MSCI Asian Pacific ex-Japan	Asia-Pacific Equity	8.8	-30	31.1				Yes	0.23	-0.9	120.8			2.84	
MDP MSCI Asian Pacific	Asia-Pacific Equity	8	49.8	30				Foreign	0.04	-0.6	107.7			2.44	
MDP Emerging Countries	Global Balanced	1000.8	23.3	33.4				Yes	2.71	-4.9	32.9			2.49	
MDP Emerging Countries Equity	Global Large Cap	142	39.2	34.7				Yes	4.61	1.2	28.6			2.85	
MDP Emerging Countries	Global Balanced	934	22.7	32.1				Yes	2.51	-0.3	32			2.38	
MDP Emerging Markets Fund	Global Bonds	21.0	8.8	9.2	8.7	2.8		Yes	1.94	-0.8	24.8			1.48	
MDP Emerging Markets	Global Bonds	14.8	12	8.2	7.7	2.8		Yes	0.82	2.1	33.8			1.48	

Assets: assets, in millions, measured by fair value: **Assets** **accruing-earnings** prior to 2000: Firms project longer term but lower average annual compensation is shown. **HRP** **eligibility** includes phantom stock but not restricted or restricted/unvested assets. Data is based on January 2000.



URSUS ETFs' low management fees are the big draw for many mutual fund buyers

investors' attraction is the low management fees of ETFs. "The cost is virtually zero," says Ross Graham, a financial planner in Edmonton. "You don't have to pay for research or a manager's salary." Index mutual funds also have lower costs and so typically impose lower management expense ratios of around 0.9 per cent, but they can go as high as 2.4 per cent. Ursus, like Ursula, for instance, charges only 0.17 per cent.

ETFs also offer significant tax advantages. In an actively managed mutual fund, managers are constantly buying and selling shares in companies and thereby incurring capital gains, which are taxable for unitholders. But ETFs rarely have any change in their holdings, except for the occasional transaction to make sure the fund stays in line with its index. ETFs have a couple of other qualities investors like. Mutual funds only have to report their holdings twice a year. Since ETFs are the index, the holdings are no secret. "Every day you know exactly what you own," says Graham.

Of course, if a reader feels so does the value of an ETF. For those reluctant to ride that roller coaster, such funds are probably not the right choice. Even though he works at a Financial planner, 49-year-old Robert MacKenzie of Ottawa concedes that ETFs aren't for him. "Theoretically they're fine," he says. "You can't beat it if you just buy into these funds and hold on to them." MacKenzie purchased ETFs in 1992, not the best year to buy into the stock market. After a year, he switched back to mutual funds. "I don't mind paying the extra money to let the manager worry about it."

There are other caveats. As with stocks, it's hard to buy anything less than blocks of 100 shares, which can be expensive. There is also no dividend reinvestment scheme or monthly purchasing program. And while ETFs don't have loads or commissions, brokers' commissions can quickly eat up the profits if the units are traded frequently. Investors who need their cash back for use in real life may find themselves selling out when the market is low. So while ETFs clearly offer solutions for some investors, there is simply no way to avoid the costs—and risks—of the market. ■

Weighing the Risks

By Diane Forrest

Joe Ursino thought about his new investment for a year. Then, last February, he finally bought 300 shares of a trustee called 60— an investment rebalanced known as an exchange-traded fund, or ETF, because it is closely pegged to a market index, in this case, the TSE 60. Since then, he's lost \$4 per share. But does the 55-year-old investor in Bracebridge, Ont., care? Not really, he says. In fact, he's thinking about buying more.

Ursino is one of many Canadians who, in November, had invested over \$1.2 billion in ETFs. The

Participation Units—were relatively obscure until the mid-1990s. But over the last few years, as stock exchanges have generally outperformed mutual funds, the popularity of ETFs has soared. There are now all kinds, from those that track the TSE to U.S. variants that follow only certain sectors like technology or pharmaceuticals.

Mutual fund companies also offer index funds, which are similar to ETFs. Both contain stocks chosen to reflect an index, and both are "passively" managed, meaning the concern remains essentially the same over time. But while owners of mutual funds buy their units directly

Exchange-traded funds offer a simpler, cheaper way to invest in key index stocks

from the mutual fund company, ETFs trade on the stock market. So investors buy their units from other investors, through a broker, just as they would buy a stock. "The neat thing is it's like a mutual fund but it trades like a stock—you can buy and trade within minutes," says Ursino, who sold some of his TSE units in the spring when prices were high, then bought them back when the price dragged again. (Mutual fund units are valued at the end of trading, so investors must wait at least a day to buy or sell.) For what's really caught mutual fund

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Protecting the Amateurs

By Deirdre McMurdy

The collapse of the North American bull market could not have come at a better time for Canada's mutual fund industry.

Although it will certainly make portfolio returns tougher to achieve, at least there may now be an incentive for that performance. Over the past few years, clobbered by new online trading technology and the prospect of easy returns in a rising market, vast numbers of retail investors steadily drifted away from funds, directly trading equities on their own. But, at the wags of Bay Street, may never confuse brains with a bull market. And should investors be more than a little worried, the buzzed savers are flocking back.

December figures from the Investment Funds Institute of Canada indicate net sales of \$1.4 billion for the month, a gain of 87 per cent over the same period a year earlier. And for 2000, sales were up 28 per cent from 1999 levels—the first year-over-year increase since 1997. "Market jitters are definitely returning the crowd of the past few years," says fund industry analyst and author Banga Chaudhary. "People didn't understand funds, but did direct stockless capital towards them. This BISIM season, we're just seeing the start of renewed interest."

At least some of that interest has been kindled by a slow and steady campaign to strengthen the rules and oversee the practices governing mutual funds. Although the Ontario Securities Commission, under maverick chairman David Brown, has been making splashy headlines over the past year with its hard line on everything from stock-price manipulation at RBC Capital and corporate financial disclosure to international money laundering and tax-exempt funds, it has also paid close attention to less newsworthy issues. And despite its many high-profile cases, Brown notes that "the mutual fund industry is one of the principal focuses these days at the OSC."

To help investors—experienced and otherwise—understand the increasingly complex and fragmented fund market, the OSC now requires, for example, that prospectus documents be prepared using plain language. There is also a push under way to introduce simplified, standardised prospectus formats, not only to make it easier to comprehend the data, but to compare them from fund to fund.

As part of that initiative, the commission has worked with Industry Canada to develop an online "fee impact calculator." This program has been designed as a tool to help investors to readily compare the various management expense ratios and other costs charged by funds.

But most important of all, the OSC has been the driving force behind a new self-regulatory, self-funding national body, the Mutual Fund Dealers Association, which is expected to be



up and running by the end of March. After three years of wrangling and delays, key securities commissions and industry associations across the country are just now working on acceptance of the MFDA and its guidelines for Canadian 60,000 fund sales representatives.

Among the many start-up "challenges" Brown acknowledges is the struggle to co-ordinate the approach of mutual bank-owned funds with those of smaller, independent operations. But other interprovincial and intra-industry hurdles have proven formidable as well.

For example, there has also been the daunting task of balancing the roles of IFIC, the fund industry's trade organization, and the Investment Dealers Association of Canada, which represents brokers and securities dealers. Since both have members directly affected by the MFDA and its rules, the two bodies have battled for equal representation on the board of the MFDA. Several outside directors have been named to act as a buffer between them.

But the issue of which association has jurisdiction over which area remains touchy, especially where fund industry sales agents sell other products as well. Financial planners and insurance agents, a large number of whom are now licensed to sell fund products, have balked at some of the proposed new rules. Specifically, they objected to the decree that they no longer funnel their commissions through segregated personal corporations, which made them less accountable legally. In a compromise, the MFDA will allow them to continue that practice for a three-year transition period.

But even as the MFDA takes shape, Brown is already planning his next initiative. Based on the recommendations of the 1999 report filed by former OSC commissioner Gianfranco Scarsella and another filed last summer by securities lawyer Stephen Frithmann, he is determined to address yet another issue he has dugged in: urging a closer delineation between professional money managers and the fund companies that market their funds. "At public companies, the funds were to attract investors with performance and the sale of units in their fund," explains Brown. "But that can lead to potential conflicts of interest as well. And we want to ensure a measure of independence for money managers."

Brown is contemplating adoption of a U.S. code dictating that at least 50 per cent of a fund company's board be composed of outside directors. Brown also intends to push for easier-to-understand financial information from fund companies, issued quarterly instead of half-yearly.

Sell, whether a wounded bull or an all-out bear market is in the cards for 2001, mutual fund investors can be certain of at least one thing: they've got a tiger working on their behalf at the OSC.



**in the global oil and gas business,
it helps to recognize
the negotiating table.**

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Business

Thinking outside of the (big) box

By Robert Sheppard

The story so far:

The far-damned (well, sort of) in this case, the big-store, slightly overextended bookseller Chapters, is alone in her woe, crying woe and trying to fend off the unwanted advances of Toronto power couple Heather Reisman and Gerry Schwartz. They are out to nab Chapters Inc.'s 37-superstore chain and range it with Reisman's tiny 15-store book chain, Indigo Books & Music Inc. A protracted and fierce Chapters' revenge, the sale is not going well. Bad words are exchanged. Law suits fly. There is talk of poisoned pills.

All of this, out of the blue of the western sky (Barrie, B.C., to be precise) makes an unexpected saviour: Future Shop Ltd., piling in on an applecore-grind-sized housewear and electronics profit. Money is pledged. Future Shop's \$200-million bid—roughly \$16.80 a share in cash and stock—reps the Reisman-Schwartz offer of \$15 a share. More important, it is for the entire company, not just the 50.1 per cent that Indigo wants. Handshakes all round.

Like Chapters? A happy nodding? Don't

put down the bookend. Within two seasons, Schwartz has topped the Future Shop bid with an offer of \$17 a share.

Conditional on Chapters removing a shareholder right poison pill. But all cash. For all shares not already pledged. "Our proposal beats the Future Shop bid in every aspect," he boasts.

It's going to be quite a war, between the power couple—and the old couple.

Chapters and Future Shop form an odd couple, but get a new challenge from Indigo's power couple

They do seem a strange fit. Future Shop, the big-box electronics retailer with its warehouse clubs and legion of eager on-commision salespeople. And Chapters, expensive to the dress-down, with its leather loungers and emulsive Starbucks. Walking ride of this plot line: "Revenge of the Books."

Taking over Chapters is a unique opportunity "to create a powerhouse Canadian retailer," says Future Shop

Stevenson (left) with Future Shop's Gary Patterson and Layton, a high-roller user

president Kevin Layton. "It is complementary to our existing growth strategy based on the four main areas: selling boxes, selling content associated with boxes, selling connections and services." Huh? Translated, this means Future Shop gets to add Chapters' high-end books, music and DVDs to its roster to help feed off the unanticipated Canadian arm of Minneapolis-based Best Buy Co., a burgeoning big-box purveyor of electronic gadgetry. But the real prize is Chapters' e-business, suggests Ed Stupp, a senior vice-president at retail strategy Kulusi Consultants. Chapters has the better brand name and much more experience with online sales, even as it has but a minuscule, 5.6 million in the past 18 months.

Stuppigal, for one, is not worried about a culture clash at Future Shop and Chapters. At the corporate level, at least, their respective operations seem cut from the same cloth: rapid debt-defying expansions that can barely pass a audit without wanting to build a store. Since he founded Chapters in 1994 by merging Coles and Smithbooks, CEO Larry Stevenson has both informed and represented Canada's book industry by moving it to a full-frontal dose of U.S.-style deep-discount merchandising. But it is not likely he would say on "As of yet, no one has made that decision." He said while announcing the deal. Future Shop says and they intended to run two, for the most part, separate operations, that they would do nothing to darken Chapters' upscale door with heavy appliances, and that they have "all the books in the world" in Stevenson's number 2, Chapters' president, Greg Murphy.

As for the power couple, this is a high-stakes battle. If Future Shop wins, it will be mixed opportunity number 3 for Schwartz. He was unable to acquire John Labatt Ltd. in 1995 or merge Air Canada and Canadian Airlines in 1999. But he is not barking. If he were to cash out the Chapters' holdings he and his wife have been accumulating, he would walk away with about \$50 million—not far off what Chapters is expected to lose and Future Shop is expected to earn in profits this year. ■

A cautious Martin

In his first major speech since the federal election, Finance Minister Paul Martin told a group of U.S. and Canadian business leaders in New York City that they should use "caution" in assessing the prospects for the Canadian economy this year. Although Martin was careful to say that Canada is in a good position to weather a slowdown in the United States, his remarks contrasted with his previous buoyant predictions for Canada this year.

Malibaby pleads guilty

The Canadian computer hacker who crippled some of the Web's best-known sites, including CNN.com, and caused security breaches at Yale and Harvard universities, pleaded guilty to 56 charges of mischief and breaking and entering. The 16-year-old Montreal youth, who cannot be named under the Young Offenders Act, is facing 500 days in jail and a fine of \$1,000. He could be sentenced to up to two years in jail.

Imperial scores big

Imperial Oil Ltd., Canada's largest oil company, reported its highest gains in 2000, posting the biggest gains in 120-year history. The Toronto-based company, which sells gasoline through Esso stations, earned \$1.42 billion last year. In 1999, its profits were \$510 million.

Nortel hits the mark

Despite announcing a \$5.2-billion loss for 2000, mostly due to a massive write-off for acquisitions in the fibre-optics and networking sectors, Nortel Networks Corp. pleased analysts by delivering its projected fourth-quarter earnings figure of \$13.2 billion. Canadian peer high-tech company said it expects revenues to increase by 30 per cent this year. Its beleaguered stock rose sharply.

Bombardier's big deal

Montreal-based transport giant Bombardier Inc. won a contract to build 64 planes for SkyWest Inc. of Utah. The \$2-billion deal came amid a trade dispute between Canada and Brazil, home of Bombardier's main rival, over Ottawa's financial help for the firm.

California: the big, dark chill

The state best known for lavish living in sunny climes was shocked by massive power outages caused by sharply dwindling power supplies. For periods of about 90 minutes each, communities around San Francisco and Los Angeles were deprived of power. The only way utilities could avoid a complete breakdown of the power grid. The blackouts caused traffic jams, shut down bank machines and provoked concern about an increase in crime. Officials also warned that near-freezing temperatures could threaten the elderly or other vulnerable groups. The half-day-long crisis only ended when emergency supplies came from B.C. Hydro.

The blackouts were mostly blamed on the 1996 deregulation of California's utilities, which were prevented from passing on price increases to consumers under the new regime. As a result, utilities gave up to \$12 billion and are unable to buy enough power from out-of-state sources.

There was deepening concern in the rest of the world, too, about energy prices. OPEC said it will cut oil production by 5.6 per cent, after four consecutive increases, in an effort to stabilize



California power lines, fangs down

the price of crude at around \$25 (U.S.) a barrel. The oil cartel said it is worried that demand will fall too quickly in the spring. Production will likely be cut even further in March, one spokesman added, to avoid the peak prices of 1998-99, when crude dipped as low as \$18 (U.S.).

Financial Outlook

Economic clouds may be gathering but times are still relatively good for employees, according to a new survey by MetLife Park, Calif.-based staffing consultants' OfficeTeam. The company, which provides temporary office staff, found that, on average, starting salaries in the administrative field are expected to rise by 3.5 per cent in Canada this year. Sales assistants can expect some of the biggest gains: a predicted jump of 5.3 per cent, with salaries up to \$32,350. (Typically, entry salaries are calculated using cost-of-living indexes

for various regions provided by Statistics Canada.) The increase is being driven by demand, especially in growing sectors, which include technology, financial services, retail and government.

TALE OF THE TEMPS

Position	MetLife Park	Industry index
Sales assistants	\$20,700-\$22,000	3.5
Marketing assistants	\$18,700-\$19,700	4.4
Office assistants	\$13,900-\$16,000	3
Customer service rep.	\$12,500-\$15,000	4.3
General office workers	\$12,500-\$12,900	4.4
Part-time workers	\$10,000-\$10,500	2.7
Office assistants	\$10,000-\$10,500	3.7
Receptionists	\$12,000-\$13,000	3.7

Laptop users, take note

People like to take laptop computers to meetings, but it's often inconvenient—or plain frustrating—to sit the keyboard for note-taking, while others are talking. Now IBM has developed a special laptop design to handle handwriting. The IBM ThinkPad

TransNote, coupled with ThinkPad Pro

Task Manager Pro

software, allows users to scribble

notes that appear

exactly as written on the laptop's 10.4-inch display. The TransNote, says Thomas Grimes, IBM manager for mobile systems, matches old computer hardware with the comfort and simplicity of pen and paper. But there are limits. The software cannot

convert handwriting to type. "The industry is a whale," says Grimes, "just aren't there yet."

The TransNote, priced at \$3,999 to \$4,500, looks like an ordinary portfolio when closed and is about the same size, and weighs 2.5 kg. It opens open like a book. On the left side is the laptop, equipped with a Pentium III 600-megahertz processor. The touch-sensitive pointing display lies flush on the laptop's surface, but lifts up to sit on a pedestal, revealing the keyboard. On the right side, connected to the laptop through the unit's spine, is a digital notepad called ThinkScribe. Users write on an ordinary pad of paper, which sits on top of the digital notepad, with a pen equipped with a radio-trans-



mitter. Writing removes the transmittor, ThinkScribe receives the signal and transfers the written text to the laptop. (A left-handed version is available.) Users can convert files to formats like JPEG or PDF for e-mailing. A word of warning: do not lose the pen. A new one will set you back \$82.

Sound advice

Flat-panel Monsoon speaks for companies are known for inexpensive clarity. Now, smaller Sonorous Corp. of Richmond, B.C., is蚕食ing the home-entertainment market. Earlier



this month, the company launched its Monsoon FPF series of flat-panel speakers at the Consumer Electronics Show in Las Vegas, the largest show of its kind in North America. Conference sponsors judged the three models of speakers in the series, which began shipping in March, as the best high-end studio hardware launched this year because of their "innovative appeal, stability, confidence and affordability." The speakers are priced from \$899 to \$2,399 a pair.

Donny Hawkes

Cool Site

Tough sledding

America's Ann Bancroft and Norway's Liv Tretten, both researchers, are attempting to become the first women to do a solo Antarctic. Last week, they reached the South Pole. You can follow their 100-day trek across 3,800 km of snow and ice, in temperatures averaging -34°C, at www.pbs.org/antarc/. The site features video and audio clips, and a daily diary

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People

Edited by Shonda Denzel



Turgeson was friend and model

She's all for one, and won for all

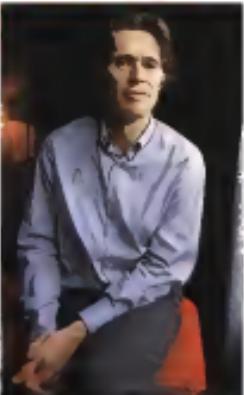
With a second-place finish in the super giant slalom and a third in the downhill race in Huez on Sunday, Manitoba's Torgeson became the first Canadian ever to stand on a World Cup podium twice in the same day. Last weekend, she advanced to another second-place finish in the slalom, known as the super G, taking her to fourth in the World Cup standings for the event. "I skied well," she said after finishing first place by a margin of a second. "I am really happy."

And Torgeson, 24, from Beaupré, Que., now has memories with whom she can celebrate this season—fellow Canadian racers Alison Jones, 22, of Calgary and Emily Brydon, 20, of Fernie, B.C. For the past three years, Torgeson was the sole Canadian woman on the downhill circuit, which made for a lonely life. "During longer breaks between races, the Norwegian or German would go home," Torgeson says. "It's not like I could do that."

A Willem, and a way

Willem Dafoe can be electrifying in his ability to slip under the skin of others—singing from his role as Jesus in Martin Scorsese's *The Last Temptation of Christ* to a courageous Vietnamese septuagint in *Platoon*. In his new film, *Shadow of the Vampire*, Dafoe's skin is that of the undead. *Shadow* is a fictionalized tale of the making of the real-life 1922 classic horror film *Nosferatu*. It suggests that, in an effort to achieve the obscurer in realism, director F.W. Murnau (John Malkovich) hires a real vampire to play the lead in his film—pressing the leading lady's neck as payment. Dafoe's undead, swarthy vamp isn't your usual Hollywood blood-drinking stereotype. "He's not very scary," says the 45-year-old actor. "He has very in his forthrightness—he's a man who knows what he wants in this wacky-wacky world."

Dafoe, who plays the Green Goblin in the forthcoming *Spider-Man* movie, lives in New York City and runs the Worcester Group theatre company along with his partner, director Edie LaCompte. The couple's 18-year-old



Dafoe was just a rat faced, swarthy vamp

son, Jack, attends Yale University. "In some ways," says Dafoe, "I regret never really getting an education, I feel like I've been catching up all my life." No matter with his ability to play such disparate characters, Dafoe can teach lessons to plenty of other actors

Amidst a Maelström

Donn Villeneuve wondered if anyone would want to see his new film, *Maelström*. The Montreal filmmaker, 33, considers the movie "a bit dark" and features an unattractive character—a woman whose life is thrown into a maelstrom after she has a man with her car and drives off in a punt. "It was a gamble," says Villeneuve. And a winning one: it was screened earlier this month at the Utah Sundance Film Festival, or nominated for 10 Genie Awards

and at the Canadian submission for the Oscar's best foreign-language film category.

Villeneuve studied film and communications at the University of Quebec in Montreal, and directed rock videos before being tapped by producer Roger Frappier to direct a segment in the 1996 movie *Crash*. *Maelström* is his third feature. But Villeneuve has other things to focus on at home with girlfriend Julie Raliviere and their three children, aged 4, 3 and 1. With a laugh, he says: "What's important is who's going to take out the garbage."



Villeneuve's a gamblie pay off

5th Annual FLARE volunteer awards



In 2001 [declared International Year of Volunteers by the United Nations], the awards will be presented to six Canadian women aged 18 and up, whose volunteer achievements have made a difference to the lives of the people in their communities. The recipients will be invited to Toronto for an overnight stay in spring of 2001; they will participate in an awards ceremony and will be featured in a subsequent awards announcement in a national edition of FLARE magazine.

She's a friend or a neighbour or a coworker. She lives in your community and gives back in any ways. You wonder how she does it. She doesn't look for gain or glory, she just does it because it needs to be done and that's it. She deserves to be honoured and recognized. We'd like to know who she is.

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You may know an outstanding volunteer who deserves to be honoured. You could make your own contribution by helping her receive some well-deserved recognition.

Official Nomination Form & Requirements:

To be eligible, the nominees must be a female, aged 18 and up joining the year of 2000, and be a resident of Canada. A nominee could be someone in your neighbourhood who quietly goes about volunteering or who successfully encourages others to get involved. She could be someone who has devoted a large amount of time to a variety of community causes over a number of years, or someone who has started volunteering more recently.

Volunteer's Name:

Give a description of the nominee's volunteer work and of her motivation or reasons for volunteering. Include the name/type

of organization if applicable. Tell us approximately how many hours of volunteer work she contributed in 2000 and the volunteer's occupation while providing this service.

Tell us details of how the nominee showed leadership in her volunteer activities for example, in identifying a need, building and attracting support, fund raising and overcoming obstacles. Tell us how the nominee used initiative in her approach to meeting the community's or another person's needs.

Tell us about the innovation involved in the nominee's volunteer work. Did she provide new services that previously provided to her community or neighbourhood? Did she add new elements that made a positive difference?

Describe all the ways that her community or neighbourhood benefits from her volunteer

work. List her prior volunteer experience and/or additional information.

Please ensure the nominee has signed the declaration of accuracy before mailing the nomination to:

FLARE Volunteer Awards,
777 Bay St., 7th Floor, Toronto, Ont., M5W 1A7

NO FAMES ACCEPTED.

Additional copies of the nomination form available:

www.flare.ca For more information, please contact
Nomi Rose, Awards Coordinator
or (416) 966-0402, fax (416) 966-5799
email: nomi@flarepublicity.com

Nomination Deadline
Feb. 28, 2001

FLARE
volunteer awards

The Volunteer Nominee:

Name _____ Date of Birth _____ Current Occupation _____

Address _____ City/Town _____ Post _____ Postal Code _____
Daytime Phone # _____ Evening Phone # _____

Sponsoring Organization/Individual:

Name _____ Current Occupation _____
Address _____ City/Town _____ Post _____ Postal Code _____

Daytime Phone # _____ Evening Phone # _____

Supply the names and phone numbers of two references whom FLARE may contact in connection with this nomination.

Name _____ Relationship To Nominee _____
Daytime Phone # _____ Evening Phone # _____
 Name _____ Relationship To Nominee _____
Daytime Phone # _____ Evening Phone # _____

Nominee Must Sign The Following Declaration of Accuracy:

I have read the nomination details above, and all attachments, and certify that they accurately describe my voluntary work. I agree that my voluntary work was not performed as a condition of any stated employment, nor costly as a requirement of any educational or professional course.

Signed _____ Date _____ Name (please print)

FLARE® REGULATIONS: 1. The decision of the Judges is final. All nominations are kept confidential throughout the duration of the six week deadline. 2. All submitted entries, names or photographs, and the property of FLARE magazine and any box used by FLARE magazine for volunteer entries in connection with the FLARE Volunteer Awards or the publication, shall be held without the right to publish or to use in any manner or otherwise in any way. 3. All nominations submitted without the nominee's name and address will not be considered. 4. FLARE reserves the right to cancel the nominee's nomination. 5. FLARE accepts and reserves the right to delete any nomination that appears to be fraudulent, misleading or inappropriate to the Bank of Montreal, including its environment.



The off switch for cell growth

A Canadian discovery may lead to a new way to control cancer

In a breakthrough that could lead to ways of defeating cancer, diabetes, heart disease and other disorders, Toronto researchers have discovered a master "off" switch in a process that plays a crucial role in the immune system. The widely praised discovery, reported in the British journal *Nature*, centred on a tiny protein called CD65 on the surface of blood cells that activates the immune system when infection attacks the body. Normally, when the infection is beaten, the attack stops. But sometimes the process fails, and lead researcher Jeff Penninger, and "if you cannot stop the system, we get to



Penninger: finding a possible way to stop runaway cell growth

more because the cell overgrows, or autoimmune diseases like diabetes or multiple sclerosis, because our cells cannot stop attacking." Penninger, an immunologist at the Ontario Cancer Institute and the Arnett Institute in Toronto, has made a series of major findings in recent years, including the discovery of how a common cold virus can trigger breast disease

Mother's goodness

Uncovering evidence of what factors physicians have known for years—that breast-feeding boosts infant health—Toronto researchers have shown that a component an mother's milk plays a role in kick-starting development of babies' immune systems. Reporting in the U.S. journal *Proceedings of the National Academy of Sciences*, a team led by immunologist Michael Julian at the Toronto General Hospital research

unit found that a protein in mother's milk activated the immune systems in newborn mice. In recent years, the World Health Organization and other organizations have promoted breast-feeding, rather than reliance on baby formula, as a way of improving the health of newborn babies. Julian said that if the same breast-milk protein can be shown to activate immune activity in humans, there is a "very definite prospect" that food manufacturers could add it to infant formula and cereals or snacks for adults.

More incentive to eat fish frequently

A steady diet can reduce the risk of heart disease, the omega-3 fatty acids found in fish can also protect women against most forms of stroke, according to researchers in Boston. Data from a study of nearly 80,000 women between 1980 and 1996 showed that women who ate fish once a week were 22 per cent less likely than women who ate fish less than once a month to have a stroke, while those who consumed fish five times a

week had their risk of stroke reduced by more than half. The study was published in *The Journal of the American Medical Association*. Dr. Kathryn Rondeau, the scientist who led the study, said fish high in omega-3 fatty acids, including mackerel, salmon, sardines and tuna, offered the most protection. Earlier studies have suggested that eating fish high in omega-3 fatty acids can provide health benefits, including a reduced risk of heart attacks.



Sports

Ownership of Montreal's fabled NHL franchise may soon pass to an American

Les Canadiens—in name only?

By Brenda Brewisell in Montreal

When Senator Hartland Molson bought the Montreal Canadiens with his brother in 1957, he insisted: "We don't own the Canadiens, only the city of Montreal, in fact the entire province of Quebec, owns the Canadiens." That may still ring true, but on paper, in Geneva will soon belong to someone else—quite likely American interests. In an uncorking session for fast-food magnate Carl Carkhoff, who fears an American owner might move the legendary club to another city. Like many Quebecers, he grew up watching *Le Soleil* as it followed on television every Saturday night. "The Canadiens are part of the furniture in Quebec," he said, sipping a drink between periods at the Canadiens' game against the Tampa Bay Lightning last week. Carkhoff, 36, has three sons who play hockey and "definitely a lot with the Canadiens." For their sake, he said, "I hope it stays a Quebec property."

Although the prospect of a domestic owner seems increasingly remote, Molson Inc.—and NHL commissioner Gary Bettman—have sent out reassuring signals that the team will stay in Montreal. Molson has remanned a gag order until a deal is signed, and maintained its silence on a weekend report suggesting George Gillett Jr., a U.S. oil-tycoon owner and developer, had reached an agreement in principle to buy the team. The former Harken Globetrotters owner has been part of several failed bids to buy U.S. sports franchises. He owned the Molson Canaries last week with financial advisor in tow. Another report before Christmas suggested Molson was selling as 80-

per-cent stake to a group headed by Jonathan Ledecky, part-owner of the Washington Capitals. But Ledecky later said he withdrew from the bidding.

Negotiations have clearly been going more slowly than Molson hoped. While the brewing giant announced plans last June to sell its controlling interest in the Habs, it hoped to do so by Dec. 31. But David Hunter, an advisor with Five Associates Investors in Toronto, believes the money-losing Canadiens' high financial woes are a big obstacle. Molson, which is considering the 100 KHL, pays \$10 million a year—higher than the cost paid by the



Five other Canadian NHL franchises. Molson has pledged that the sale will include a proviso that the new owner keep the team in Montreal. Some fans, though, are ambivalent about the possibility of a future owner. "What's important in the players, the coach and the ownership," said Michel Jacob, 31, an engineer. "Why such a strained public response?" I think the example of the Alouettes used a lot of apprehension," said Réjean Tremblay, veteran sport



Enjoying the spectacle: 'The Canadiens are part of the furniture in Quebec'

canadian at La Pivote. Since buying the team in 1997, U.S. businessman Robert Wiesenthal has been lauded for helping revive football in Montreal. (The Expos' managing partner, Jeffrey Loria, is also an American, although he has been pilloried by the media for his handling of the club.) Still, Tremblay finds the prospect of a U.S.-owned Canadiens team sad, albeit part of a trend. "From the moment the Canadian dollar is worth 60 cents, you have to expect Americans will lay their hands on some of our jobs."

But the Canadiens have lost some of their luster. They missed the playoffs the past two seasons and are stuck in the cellar of their division. Some observers blame Molson, which is expected to remain a minority owner, for the team's woes both on and off the ice. At last Thursday's game, the 23,275-seat arena was peppered with empty seats, despite a high paid attendance. Many older holders, it seems, simply did not show up. Canadiens officials are quick to point out that their attendance is among the top five in the league—but they do not deny the team needs fixing. Inpatient fans can only hope the remedy works quickly.

Should Canadiens NHL teams be allowed to sell? Let us know your opinion.



WE LIKE TO WATCH

By Brian D. Johnson

Hevel's a new game show that can be played in home. Call it *Survivor: The Outback of Johnson*. Armed with only a clicker, each TV viewer is marooned, with a world of shows about adoring couples, horny singles, competing contestants, now-deft, unknown pop stars, heroes for sale, wanna-be millionaires, paranoid tourists, dive-lily-swimmers and competing cops. The challenge: to find any evidence of the real world we know it. The result? temporary immunity from the sinking feeling that what passes for reality on television is overproduced, over-scripted fiction with amateur actors.

By now, we all know that "Reality TV" is a misnomer. Even acting under the old *Survivor* moniker—whether the real world is really real, or just a dream within a dream—is more unconvincing than in a single episode of *The Stepstones* than in an entire season of *Survivor*. But whenever you call it, the genuine filth of *Reality TV* is invading the small screen with the

terracity of a computer virus, and it's more than a passing fad. It's the New Pornography, a mainstream pop show in which everyone gets to be an exhibitionist or a voyeur. Every drama becomes a sporting event, every character a competitor. It is entirely appropriate that last spring *Gladiator* became America's movie of the year: it wasn't really about *Gladiator* Rome, but about the future of entertainment in the new millennium.

Since *Survivor*, which drew more than 51 million viewers to its finale last August, TV executives have been frantically trying to clone its success. Fox has launched *Temptation Island*, a cheap knock-off in which four semi-naked couples are separated at a Caribbean resort while glorified prostitutes test their fidelity. With low-mass production values, and players who look like they get lost on the way to an adult video shoot, *Temptation Island* makes *Survivor* look like Shakespeare. *The Mole* (ABC/CTV) is more sophisticated. It's a mystery game with 10 players who crawl the world, trying to earn a pack-

pot by completing challenges as a team. They're also trying to guess the identity of an undercover saboteur in their ranks. Each week there's a quiz, and the player who knows the least about the Mole is "crecared" by the show's organizers, until there is one winner left to claim the prize. The challenge is often hockey—enragé Americans running around a French village trying to figure out which of two Carter watches is fake. But the players are intriguing. *The Mole* is as pure fantasy, a live-action video game.

Meanwhile, Jeff Probst, the world's favorite camp counselor, returns to host the second season of the CBS hit that started it all: *Survivor: The Australian Outback* premieres after the Super Bowl on Jan. 28 with a new crew of instant celebrities. And according to Probst, interviewed by phone from Los Angeles, the show is more lavish and the players more witty. "They would have squashed Rockford," he said, referring to last year's winner. "They'd own the first season and they came with a strategy."

NBC, desperate to get in the game, developed a disco-soap called *Chorus of Love*—featuring four men or women shackled to a member of the opposite sex until a "relationship" formed. But NBC executives dropped the show after seeing it, deciding it was just too loud. That, of course, is the paradox of prime-time television. No matter what the premise, most of the new reality game shows rely on titillation, the promise of glamping, strangers thrown into forced intimacy. But broadcasters are prudish about showing sex and nudity. So they have to have us with the idea of sex and nudity. Probst won't reveal if any of the players have sex in the new *Survivor*. But he says: "It goes pretty cold at night, and body-to-body contact is one way to stay warm." Maybe Canada should open a *Survivor* franchise on Baffin Island.

Canada, of course, has come up with an own reality show, *Housey Television's Hunter Quest* offers a sparser adventure to *Survivor's* exhibitionism as two couples vying for \$10,000 have a life out of the Memphis *Gas* using 19th-century tools. With odds like "Prairie Purple," episodes track an all-too-real struggle to survive as players endure mud and mosquitoes on a swampy homestead. Watching whalebone couples build shacks and cope with rotting crops calls for a peculiar kind of voyeurism.

Compared with the American series, *Prairie Quest* is an earnest adventure in exoticism—voicing an as-containing parody of Canadian documentary tradition. It feels good for you. But most Reality TV is designed to make us feel guilty about watching it. Like porn, it sells the illusion that we're glamping

and of people we're not supposed to see. And a certain sense of shameful addiction is part of the attraction.

It was MTV that pioneered the reality format with the human wallpaper of *The Real World*, a disco-soap now in its ninth season. And Canadian Life Network has cloned the concept with *URTV: The Lovers*, in which eight young, good-looking strangers share a loft for a year under constant cameras scrutiny while grooving themselves for amateur celebrity (page 38). On Feb. 4, Global TV launches *Paparazzi*, a 13-episode series chronicling the selection of what promises will be "hot female pop group." Its five members, aged 18 to 23, have been plucked from thousands of young women who auditioned across the country. The show's Australian prototype launched a chart-topping band named *Bedos*. But how the Canadian producers can be so sure of manufacturing a band suggests incredible presumption—or a sad predictability in the music industry.

Programs like *Lafayette*, *Paparazzi*—and *Survivor*—are creating a new class of celebrity culture, a aristocracy of brats soek willing to risk homelessness for a crack-pipe hit of disposable fame. The young heroes auditioning to join *Lafayette* like the Mountie-teenagers of the new media. But their celebrity racket is confined to a cable channel and a Web site. Basically, by whoring upon the *URTV* stars, they have talked their way into entry-level media jobs, as self-consciously seedy trying to stand out from the fray. And for the viewer, it can be a painful learning curve.

An interesting disco-soap requires compelling characters and ingenious writing. *Survivor*, like any good drama, relies on clever casting, juicy situations, visual flourishes, suspense, a lush sound track—and eliciting that faint, a retrospective sense of poetic justice. The show may have stumbled a new trend, but as today's culture it's really a throw-back to traditional television. In this post-Letternman age of self-critique irony, we never see a career come. The show never decentrals its own covariance, not even the *Know-It-All* bunch of the tribal councils. Probst admits: "My critique is firmly planted in my dachshund when I say, 'We represent life.' But that doesn't mean I don't like it." God forbid he step out of character. Probst agrees: "Reality TV" is misleading. He calls it "desensitized—pure reality." But it's more like Monday TV, a mongrel genre that lets us pass judgment while indulging in some side, Dostoyevskian voyeurism. Television has always created its own reality. Now it has made a spectator sport in its own image, a contest for fame and fortune in which all the world's a game. ■

'Reality TV' is the new pornography—mainstream voyetism



Survive our members, *Temptation Island*
(top) and more! more! more! more!



BASE INSTINCTS, LOFTY IDEALS

By Shanda Daniel

Any fan of Reality TV knows two things: the secret is in the editing, and everyone involved ends up looking like an idiot. Although I have been known to watch five hours of MTV's *The Real World* in one sitting, I cringed at the suggestion to view the set of the Canadian version, *URTV*. Every move made by the eight eccentrically things brought together to live in a loft for a year seems to live in the lexicon (www.urtv.ca), and the most exciting moments are edited into half-hour TV programs running on nights a week on the Life Network. Not only would I have to see these people unedited, but, well, who would be captured on the cameras?

In fact, entering the Toronto loft is a lot like being thrown to the lions, pulled in all directions and eventually devoured by eight predators ravenous for publicity. They break down your defenses with an insult of friendliness and within minutes they'll pull you into complete, hooking a microphone to you for an interview on a live internet broadcast. (The lofters spend three hours a day hosting TV-like shows over the internet.)

In order to do the Web interview, you have to put aside fears that the evil geniuses in the control room will edit you in such a way that you look stupid. I was hardly able to accept that for a mere five-minute segment, leaving me bewildered as to how the eight fibbed-out occupants could trust virtual strangers with a year of their lives.

Already, in mastering their editing material and press clippings, many of the participants have been reduced to a single descriptor: the virgin (Sandi), the homosocial (Markus), the charmer (Bic), the charming guy (Dave). Naturally, they are

much more complex, showing themselves to be talented, thoughtful, fun, confident and, as all can see, warm-hearted. Despite their dreams of fame, their daily lives seem that differs from anyone else—that is, from being subject to the vagaries of ratings-driven producers trying to create conflict.

After five hours, I was ready to go home. The lights had given me a migraine headache and the leftover had proven fascinating but frightening. Although I knew I didn't want to live there, it was a compelling place to visit. So on my way out, I wrangled an invitation to their upcoming house party. ■

Common life: eight fibbed-out occupants trust strangers with a year of their lives

the legal fee to break my *URTV* contract and put me on another show," he says with a mischievous smile. And when he tapes a segment in which he spontaneously bumps and grinds with a man in an urban setting, he does seem to be *Saturday Night Live* material. Dave is one of the younger ones—many of whom came straight from their family homes and ran the biggest risk of losing touch with reality. (The older players leave the loft more to carry on with their normal lives.) Do young adults—self-absorbed by nature—need to have a TV show all about themselves?

One participant seems completely lost at sea: Valerie is a 25-year-old Québécoise whom I have to see is she dated comedian Tom Green for five years from the age of 15. Although she claims to be an cabaretier, since moving in, she has been the most reserved. Her Green-like shyness—acting out at the most inappropriate times—just agli funky.

Around 10 p.m., Kalen, the 19-year-old tattooed and pierced surfer dude, rolls out of bed. He is an art student who had spent the past four years in San Francisco. Watching his hometown's *Teen and Dove* film—with no discernible story—a snub Howard Stern would consider just what could possibly be Kalen's motivation for being here.

But you don't actually ask. Some of the others had an exhausting, witty of manner. "I think this is a wonderful opportunity," I want the TV experience. "I'd sure to be famous." And no matter what, Salek's response is, no one would have the heart to tell him he and the others may all be living their lives under a microscope in vain—because, chances are, nobody's watching.

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Obituary

'A brave and visceral artist'

To many of his fans, Al Waxman will always be the plump, smiling, oddly cagey-looking guy they see on their TV every week in the late 1970s, strolling among the chintz-filled shops of Toronto's Kensington Market. He was accompanied by the cheerful noise of a banjo and a voice that sang:

"When he walks down the street, he teases at everyone. Everyone he meets calls him the King of Kensington." Of course, Waxman did a great deal more in his brief career than just be the first successful sitcom to come out of English Canada. He made a big splash on the borders, too, playing the central role of Lorne, Bert Stratton in the popular top show *Capie & Lorry*. And when he wasn't producing or directing, he croaked his turn up in movies from *Adolescent Guy* to *Neil Blush*, in which he gave a Gemini Award-winning performance as the carabinerosesque hockey instigator, Jack Adams.

Through all his appearances, there remained a constant thread, a rough-voiced candor, a sense that here was the genuine article, lifted from the raw matrix of North American life. When the 65-year-old character actor died last week in Toronto of complications from heart surgery, he had established a familiar presence that transcended his many roles. "An accomplished actor such as Al is a rare tree—he takes a long time to grow," says Richard Misereri, artistic director of Ottawa's Stratford Festival, where Waxman was scheduled to play Shylock this summer in *The Merchant of Venice*. "He has lots of young ones around. But Al had managed into a very brave, honest and visceral artist. He died too huge."

Born into a Toronto Jewish family in 1935, Waxman spent his earliest years in the rough Kensington neighbour-

hood he would later celebrate in the TV series. When he was 9, a massive heart attack killed his 45-year-old restauranteur father, Aaron, all his life, Wisconsin would be haunted by the specter of premature death. After meeting the 1946 film *The Al Jolson Story*, he decided on a career in show business,

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Brand for roar of his career, Waxman, a city he loved passionately, was no more than for his performances. On the art of *The King of Kensington*, when certain rewards he demanded were not produced in time, the famous actor once refused to work. And he always insisted that the show be properly published. John Hirsch, the noted director who was then head of CBC drama, later commented: "Al is not just an actor, he's a craftsman, he's a craftsman with the whole product. He believed that *King* would only succeed if the CBC had him up like a star. He's much more like an American leading actor than a Canadian one."

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Brian D. Johnson

Puzzles and predators

Most movies about serial murder follow a formula. There is a series of grisly killings, a psycho with an arcane obsession, and a detective racing to stop him before he strikes again. In the end, the killer gets killed and everyone goes home happy. But *The Pledge* and *Possible World* are movies about serial murder that take a more ambiguous route—murder is just a puzzle for a story of psychological disarray, with no catharsis in sight. These are both demanding films, and they come from uniformly uncompromising directors who have made their names doing something else. *Slice* star Sean Penn and Quebec playwright Robert Lepage.

But then where the unambiguity ends, Penn's *The Pledge* is a grimly salable thriller with an inidious narrative that slowly envelops the viewer in suspense. Like a python coiling on prey. *Possible World* is a surreal aberration, a philosophical puzzle that shies around with the maddening symmetry of a Rabin's.

Two formula-defying movies use serial murder to weave psychological intrigue

Cube: Penn's film is devoted to action, Lepage to ideas, and they are as different as the countries that produced them.

Recovering Vanessa Redgrave, Makenzie Marim, Benicio Del Toro, Sam Shepard and Harry Dean Stanton for minor roles, Penn has assembled a superb cast. And its centerpiece is Jack Nicholson, who gives a quietly devastating performance as a man at the frayed edge of his sanity. Nicholson's scenes tend to fall into one of two modes. Most comically, like a jumping Jack Flash, the showy sociopath in movies like *The Shining*, *Barbershop* and *As Good As It Gets*. But he has done his most authentic work portraying crushed and conflicted men in smaller films, roughly *Friends*, *Hour*, *Punch*, *The Changeling*—and now, *The Pledge*.

Nicholson plays Jerry, a Nevada homicide cop about to retire who becomes obsessed with solving one last crime, the gruesome murder of a seven-year-old girl. After making an arrest, his unrepentant colleague (Aaron Eckhart) declines the case closed. But Jerry has a hunch the killer will at large and vows to find him, quietly pursuing a private retribution since his retirement. An angler while fishing for more fish, he buys a gas station by a mountain lake and befriends a wan-



Nicholson: otherwise homicide cop

teen (Robin Wright Penn, the damask wife) who has a young daughter. As it sinks in that he's trying to use the girl to burn the dinner because almost unbearably creepy. And to push the fishing metaphor, this is a fisher that examines the terrain until the end, never letting the viewer off the hook.

For a director who is so good with actors, Penn has an execrable eye. His images—from a snowbound setting on a frozen lake to a barn packed with thousands of rats—aren't bizarre yet unconvincing. With Hans Zimmer weaving primal rhythms on the sound track, the movie conveys a sense of predatory menace reminiscent of Alain Resnais. There was much to admire in Penn's film two months, *The Indian Runner* and *The Crossing Guard* (starring Nicholson as another crazed sargeant), but in both erosion almost perverted the drama. With *The Pledge*, Penn lives up to his promise.

Possible World is Lepage's fourth feature, his first native in English and the first he did not write himself. John Michael McDonagh adapted the script from his own 1992 play, but in choices of mistaken identity and multiple personality are close to the director's heart. The movie begins with a cop (Sean McCann) investigating the murder of a man named George (Tom McCrory), whose brain has been stolen—nearly eat from his skull. But the main story unfolds in George's mind, as a muddle of dreamscapes. It's a cubist narrative in which George is living several lives at once, with a lover, Joyce (Tilda Swinton), who keeps running into entirely different people.

As usual, Lepage brings brilliant sleight-of-hand to his visual design. From the opening view of a window washer unrolling the blinds, some with a squeaky, to when the screen is a reflecting pool of water images. His cerebral vision include the Gauntlet statue, a sensory deprivation tank—and a car with the landscape of choice for Canadian existential cinema since *Crash*. But for a movie so drenched in water, *Possible World* is sensually and, despite its conscious elegance, the film never shakes off its theatrical origins. Though devoted to the idea of multiple dimensions, it's flat. Planes of consciousness slide in and out with modular efficiency—not unlike what happens in the new musical based on *Lord of the Rings*, another dubious intention to get lost in the maze of one man's brain. *Possible World* begins as a murder mystery, but the end is easy to forget that a murderer will ever be convicted. And what could be more Canadian than that?

Life is...

a gift. There's always something being offered.



When we think of Hong Kong, it's old Chinese houses resting between shining skyscrapers. It's all the contrasts. Like the day we wandered out of the MTR station and found a spectacular traditional temple right in the middle of busy Kowloon. It was so peaceful inside: just the sound of an old lady and her daughter offering prayers. It was like stepping back in time. The sense of history was unforgettable! To us, Hong Kong is also the old colonial shopping back in time. The sense of history was unforgettable! To us, Hong Kong is also the old colonial buildings... the beaches... it's the fun sun at a local tea house... and all the fantastic shopping. The opera mask we bought (bargain!) still makes us laugh every time we look at it!

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Edited by Susan Oh

Tears and persistence

I was Toronto's walk-on role in *The Cold War*. On June 29, 1974, Mikhail Baryshnikov shocked the ballerina world by defecting from the Soviet Union after performing with the Bolshoi Ballet at the O'Kane Centre. Now, 27 years later, a Toronto filmmaker has overcome extraordinary odds to tell the story. Isabella Casini's *Leaps of Faith: The Story of Mikhail Baryshnikov*—which includes interviews with Baryshnikov and his Toronto allies, as well as rare archival footage of him dancing as a teenager—is on Bloor on July 29.

Favaro, 35, began working on the film in 1998 while she was a researcher for CBC's *The National*. She tried to contact the dancer through journalists John Fraser, who helped him defect, and of loyalty to the anti-communist cause. Fraser said he was on her own. And Baryshnikov's handlers just laughed at her, saying he had turned down payment requests from U.S. broadcasters. So Favaro went to Chicago to see Baryshnikov perform and presented her proposal to the dancer backstage. "Well, he just looked at me like you would believe," she recalls. "He said, 'I don't care about these things. They're nothing to me. I'm not interested in the past.'" That's when Favaro began to cry. Baryshnikov was taken aback. "She's crying! What do I do?" he asked as the

Brun D. Johnson



Isabella Casini's *Leaps of Faith* to share tale

returned to the washroom. When Favaro came out, he agreed to consider her proposal. But it took another year before he committed, and he insisted the film could not be sold outside Canada—which made financing almost impossible. Finding a broadcaster was another nightmare. CTV was prepared to buy only her raw footage. The CBC took almost a year just to reply. However, once it did, it made its leap of faith.

Now Favaro may have to approach Baryshnikov again. After racking \$50,000 of her own raw *Leaps of Faith*, she needs to sell international rights to make it back. And why was the dancer so reticent? "I think he has a real desire for telling this story," she says. "I believe that deep inside it's so painful. It was very embarrassing for him to defect. It was a supreme sacrifice to leave Russia."

A boy's story

From jail time to the literary firelight—it's been quite a couple of months for an unnamed 16-year-old from Ainsworth, Ont., 100 km south of Orillia. In November he read a composition to his Grade 11 drama class, a story where protagonist says bullying has driven him to blow up his school. A couple of weeks later, the teen was arrested for writing threats, and spent a month in jail before being freed on bail. His case has become a cause célèbre among writers, as well as what they are as assault on imagination.

Among the boy's supporters is his stay-at-home mother Stephen King, who pronounced himself "in total solidarity with that young King" (readers). Meanwhile, "solitary" Son Wilson, artistic director of the Ottawa International Writers Festival, has arranged a free-read-at-the-National-Arts-Centre for Jan. 28. There, the young author will read his now-notorious story. Titled *The Shape of Stories*, Wilson's book includes 10 new Canadian writers, including Michael Ondreje. "After what he's been through," says Wilson, "we thought he deserved a other hearing."



Return of a literary icon

Books in Canada, the nation's oldest book review magazine, was a Canadian institution from its founding in 1957 until it ran out of money and ceased publishing early last year. Now it's back thanks to a sponsorship deal with online book retailer Amazon.com. In return for an undisclosed

sum, Books in Canada will provide *Atlantic* with reviews of new Canadian books, and—no surprise—the anger of freelance writers who claim electronic rights to their past work—access to previous issues. An alliance with the American giant may seem odd for a publication based on Canadian literary nationalism, but Books in Canada owner Adrián Stein is excited about

the opportunity afforded by Amazon's global reach. Stein's prime asset is his archive of 30 years of Canadian reviews and commentary, much of it by or about "our most prominent writers when they were still aspiring writers," he says. "It's a historically significant collection, and now Amazon's millions of customers around the world can easily sample Canadian literature."

Hypertext wars

To those a distance from the *co*-tier, commentary on the most holy war Bill Gates Microsoft is currently waging against competitors and the U.S. government often seems apocalyptic in tone. That's certainly the case with the title, at least, of Ken Adachi's *World War 3.0: Microsoft and its Enemies* (Random House). But the book itself, by The New Yorker's respected media and software critic, is an absorbing narrative centred on United States v. Microsoft, America's biggest antitrust trial since the 1911 Standard Oil ruling (Cartelization having lost its case in federal court last June). Microsoft launched an appeal that will be heard starting on Aug. 25. Adachi illustrates the issues at stake in the complex case, and does a masterful job of describing the permutations involved, especially that of Gates, the boy genius at the centre of it all.

Best-Sellers

Fiction

	POSITION LAST WEEK	LAST WEEK
1. <i>THE COLD WAR</i> (HarperCollins)	1	1
2. <i>WINDING DOWN THE CRICKET</i> (Knopf)	2	2
3. <i>WORLD WAR 3.0: Microsoft and its Enemies</i> (Random House)	3	3
4. <i>THE BAND GEASESS</i> (Hyperion)	4	4
5. <i>WORLD'S END</i> (Hyperion)	5	5
6. <i>THE DRAKE PROJECT</i> (Hyperion)	6	6
7. <i>THE SHAPE OF STORIES</i> (Ottawa Arts)	7	7
8. <i>THE RAVEN'S KNIGHT</i> (Hyperion)	8	8
9. <i>WORLD'S END</i> (Hyperion)	9	9
10. <i>THE PARADISE READER</i> (Hyperion)	10	10

Nonfiction

	POSITION LAST WEEK	LAST WEEK
1. <i>WORLD WAR 3.0: Microsoft and its Enemies</i> (Random House)	1	1
2. <i>CHARLES & PEPPERMINT</i> (Hyperion)	2	2
3. <i>THE HOBBIT (PART ONE): THE DESOLATION OF SMAUG</i> (Random House)	3	3
4. <i>MARY SAVIL</i> (Doubleday)	4	4
5. <i>THE BROTHERS KARAMAZOV</i> (Knopf)	5	5
6. <i>EXPOSED TO DEATH</i> (Robert Laffau)	6	6
7. <i>THE CANADIAN LIBRARY</i> (Tundra)	7	7
8. <i>WORKING LADY & BOSSY</i> (Robert Laffau)	8	8
9. <i>THE BROTHERS KARAMAZOV</i> (Knopf)	9	9
10. <i>THE REVENGE OF LOVE</i> (Hyperion)	10	10

11. *WORLD'S END* (Hyperion)

(Compiled by Sean Robson)

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Allan Fotheringham

Foreplay by Porter

As anyone who knows her knows, Anna Porter is a tease. The beautiful and bratty publisher is Hungarian, after all. How do you make a Hungarian出版商? First, you steal six eggs.

Peter G. Newman, who is Czech by origin—and loves Anna dearly—says that the Czechs, who have lived next door to Hungary for too many centuries, have a saying: "A Hungarian is someone who can never a revolving door behind you and come out ahead." Old joke. True joke.

Porter is the bon of Guy Porter Books of Toronto, but she is unusual among Hungarians. She also knows how to write. She has written three crime novels. And now she has written—published like her first three not by her own firm—an intriguing little book called *The Sarcophagus Mystery: Szenes, Magic and Law: A Memoir of Hungary*.

None a "memoir"—the dictionary tells us, is "a biography . . . records of one's life and experiences." Churchill wrote until his death and won the Nobel Prize for literature. But I guess modern life speeds things up. Penelopé Wilton, the pride of *Wisteria, Suds*, two seasons back published her life story and she was barely past 40. Does she think the rest of her life is going to be boring? Not bloody likely.

Now we have Porter with her amazing life, which seems to have ended when she was about 16. Born Anna Szigligeti in Hungary, she drops most of the book to her grandfather, while trying to avoid discussion of herself.

She worshipped, obviously, her grandfather, Viki Racsi—particularly one instance, because her father disappeared from her life before she knew him. She remembers every single word Viki said, as I guess that accounts for the "memory."

With a class hand, an abdikating self therapist, he could lift Chernobyl. He represented Hungary in four different events of the European Games. He held the European record for the 100-yard dash for a decade while also becoming the Hungarian heavyweight wrestling champion for a year. He fought a reported 100 duels (many over women) and fathered some 16 illegitimate children. I guess that accounts for the magic and the lie.

But what we really want to know is how this lad got from being the fatherless child to where he is today, married to the last-known libel lawyer in Canada and the being the most recognizable publisher in the land with that flip of her long

blond tresses that is mocked at every nach cocktail party. She's a tease, of course.

She tells us, trying to escape across the border into Austria, how she as a five-year-old was thrown into jail with her mother when they stayed (Anna for three weeks, mother for six months). She was succeeded into the Young Communist League. When her aunt was raped by three drunken, she tells us, Viki ran two of the smackers through with his 1908 sword and the third one he tossed out of the window of his second-story apartment.

Great stuff, but I want to know how she got to Toronto and got a job with the legendary Jack McClelland, the father of Canadian publishing, after she did his bidding and read the 50-odd books in McClelland & Stewart's New Canadian Library series.

Her tales are mesmerizing. As a 12-year-old she did not approve of one of her mother's visitors, a lawyer who had his own mother, and dropped a dead rat into his supper soup. Her mother—who still stands out like a shining jewel at Toronto publishing parents—married a Communist apparatchik so as to get Viki out of jail and, once released, she divorced him.

Wonderful stuff. But I want to know how Anna got to New Zealand not knowing a word of English and ended up with an honours degree in English lit. We get more than a little list of what we want to know about Hungarian history, the Huns and the Goths, going back to Christma, AD 1000, when Pope Sylvester II sent the first king of the Magyars a crown of gold with a cross at its peak.

Anna Porter, being one you should never go into a revolving door with, cleverly and carefully never does reveal her "secret." Her birth, date her, bar we sort of discern, as the Germans leave and the Russians arrive, that she is a "woman of a certain age." She is equally mysterious in the Hungarian Revolution of 1956, on how "I met the enemy"—standing as a teenager with a gun in her hands as a young Soviet soldier suggested from his merit. "I had learned how to endure the gun's recoil . . . I had flip very quickly with his head on my knee. I think I was holding his hand."

It's a fascinating book. But it's not a memoir. It's just foreplay. We're all waiting for the Right Stuff, which undoubtedly is in the assembly line down the road.



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